We are pleased to present this 2020 Integrated Annual Report for Shoprite Holdings Limited and its subsidiaries.

For further information on this Integrated Annual Report, please contact Sarita van Wyk on svwyk@shoprite.co.za.
The report demonstrates our ongoing commitment to improving transparency and striving for the highest reporting and disclosure standards.

We endeavour to provide a balanced view of how the Group aims to create and sustain value for shareholders in the short, medium and long term, while meeting our responsibilities towards our other stakeholders, recognising the influence of our key stakeholders on the Group as a sustainable business.

Our reporting suite and reporting frameworks and guidelines that inform our reporting

This Integrated Annual Report is prepared in all material respects, in accordance with the International Financial Reporting Standards Council, the interpretation issued by the IFRS Interpretations Committee, and the provisions of the JSE Listings Requirements, and reporting requirements of the Companies Act, 2008.

Further detailed information reporting Shoprite’s performance in relation to its material sustainability issues, comprising our economic, social and environmental performance disclosed in alignment with the Global Reporting Initiative’s standards, is contained in our separately published 2020 Sustainability Report, available on our website www.shopritesholds.co.za.

Scope and boundary

The report covers the integrated performance of the Group’s operations for the reporting period 1 July 2019 to 28 June 2020 (FY 2020). The subsidiaries, operating segments and countries of operation are reported on pages 10 to 13.

The financial reporting boundary covers the results of the Group’s subsidiaries. The report presents an overview of the Group’s operating environment in the current reporting period, its approach to value creation through the implementation of its strategic drivers, growth, and risks and opportunities. It also covers its stakeholder engagement activities and performance for the year.

Materiality determination and our material issues

We have applied the principle of materiality in developing the scope and content of this Integrated Annual Report, with a focus on disclosing information that the Directors believe is most material to shareholders’ understanding of the Group’s ability to create value in the short, medium and long term. The Group’s Executive team, in consultation with management, has identified the Group’s most material issues, which are also informed by the Group’s material risks and opportunities. The materiality test applied by the Board is based on consideration of matters both internal and external to the Group businesses, positive and negative.

Following from this exercise, we have assessed our most material issues as set out below:

- Impact of COVID-19 COVID-19 special report
- Trade performance and growth opportunities (incl. Non-RSA) CEO report, CFO report
- Supply chain structure and cost configuration Manufacturing Capital report
- Information and Technology Intellectual Capital report
- Quality and Safety (esp. Health and Safety in the COVID-19 environment) Intellectual and Social Capital reports
- Social licence to operate (incl. environmental, social and governance (ESG) aspects; especially climate change) Natural Capital report
- Employees Human Capital report
- Leadership transformation and employment equity Human Capital report
- Governance – Board effectiveness (Board composition and key Board roles) Social Capital report (as it relates to reputation management)
- Growth and development of the Shoprite Group business CFO report
- Regulatory environment Social Capital report (as it relates to stakeholder relationship with regulators/customer)
- Socio-economic contribution Social Capital report

Value creation

The report provides an overview of the Group’s operating environment and the value created over time through its business activities. Value is created to benefit the business and its stakeholders. The relationship between required inputs and desired outcomes, in line with the Group’s strategic drivers, are represented in the Capitals Report.

Business model page 36; Capitals report pages 52 to 63

Assurance and overview of the Group’s external reporting suite

The Group’s integrated capital model to support the integrity of information contained in the Group’s external reports, the effectiveness of which is subject to Board oversight. For more information, refer to page 73.

The context of the Integrated Annual Report has been reviewed and approved by the Board, with management’s internal assurance processes applied to verify the report content derived from the management processes and information applied to develop the report. The report has not been externally assured.

The Group’s consolidated and separate annual financial statements have been audited by the Group’s appointed external auditor, PricewaterhouseCoopers (PwC). The independent auditor’s report is included in the published annual financial statements and PwC has expressed an unqualified opinion on those financial statements.

Shoprite’s management has also reviewed the accuracy of financial information extracted from the annual financial statements that appear within this Integrated Annual Report.

For a full understanding of the Group’s performance in 2020, the Integrated Annual Report should be read alongside the other reports that comprise the Group’s external reporting suite:

- 2020 Annual Financial Statements, audited by PwC
- 2020 Sustainability Report, approved by the Shoprite Board on the basis of the recommendation of Shoprite’s Social and Ethics Committee (SEE)
- 2020 Carbon Disclosure Project Reports, approved by the SEE
- Report on Shoprite’s application of King IV, approved by the Board B-BBEE rating: The Group and all subsidiary has been externally verified by AdRite

These reports are all available as published reports on our website, www.shopritesholds.co.za.

Forward-looking information

This report contains forward-looking statements regarding the Group’s operations and its performance and prospects. These statements involve risk and uncertainty as they relate to events and depend on circumstances that will occur in the future and, unless otherwise indicated, reflect our best judgement and estimates informed by the Group’s Board-approved business plans as at the time of publication of this report. In particular, the impact of the current COVID-19 pandemic is still unfolding, not only in South Africa, but across the globe and raises levels of risk and uncertainty that we have never before encountered in the life of Shoprite’s business to date. Hence, as various factors can change or differ from our forward-looking statements, we note some of these forward-looking statements may not be achievable in what is currently a very fast changing and uncertain environment. In this context, we note that the Group does not take responsibility for updating or revising any forward-looking statements except as required by applicable legislation or regulation.

Report approval

The Board of Directors of Shoprite Holdings has acknowledged its responsibility for ensuring the integrity of this Integrated Annual Report and in that context, has delegated responsibility to the Audit and Risk Committee to review the report. The Audit and Risk Committee has recommended the Integrated Annual Report for approval by the Board.

The Board has applied its collective mind to the preparation and presentation of the report and in the Board’s view, the report addresses all the issues that are material to, or could materially affect the Group’s ability to create value on a sustainable basis over the short, medium and long term, in a transparent and balanced manner and complies with the “IR” Framework in all material respects.

The Board is of the opinion the report is presented in accordance with the International Integrated Reporting Council’s <IR> Framework and that it fairly represents the performance of the Group for the reporting period ended on 28 June 2020. The Board has approved the report on 30 September 2020.

Abbreviations and acronyms

About this report

About this report

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About this report
“We invest in our people. We aim to transform our business, develop our people’s careers and promote from within. We believe if we invest in our people, they will invest in us.”
Purpose and values

Shoprite is Africa’s largest fast-moving consumer goods retailer. Our customers are at the heart of what we do and the reason for our business. Our purpose is to provide them access to affordable products wherever they are.

To achieve what we set out to do, we stay focused on:

- recognising that managing our capital, resources and relationships is important to our success;
- creating shared value for all our stakeholders; and
- being a responsible and innovative business.

Our values are deeply rooted in our long history and come to life in our actions and the way we do business.

Doing the right thing: excellence, integrity and care

- We aim to put our customers first. We do this through excellent service. Our employees are empowered to make sure our customers leave our stores happy.
- Integrity is of utmost importance. We strive to treat everyone with respect. We are accountable for our actions and we behave in an ethical way to build trust with our stakeholders.
- We ActForChange beyond our own doors. Through job creation, affordable products, hunger relief and other programmes, we work to create shared value for our communities.

Saving to share: efficiency and commitment

- We focus relentlessly on keeping costs low and aim to become more efficient. We know where and how every rand is spent and our business and operational processes are set up to manage the use of resources by reducing waste and minimising harm to the natural environment.
- We help where we can. We have a specific focus on food security. When we have surplus food or resources, we distribute them to people in need.

Developing local: growth, opportunity and transformation

- We invest in our people. We aim to transform our business, develop our people’s careers and promote from within. We believe if we invest in our people, they will invest in us.
- Our scale and effective supply chains create opportunities for local and small suppliers. Where we can, we procure from and support them, giving them access to our markets and helping them to grow and thrive.
- We embrace economic transformation through job creation, skills and career development, local sourcing and social upliftment and contribute taxes to develop local communities.
Performance highlights

**Business**

- **R156.9 billion** Revenue (FY 2019 restated: R147.5 billion)
- **R634 million** Capital investment in information technology (FY 2019: R681 million)
- **2 829** Total store footprint
- **3 878** Number of private label products
- **R12.5 billion EBITDA** (FY 2019 restated: R12.5 billion)
- **767.0 cents HEPS** from continuing operations (FY 2019 restated: 747.7 cents)
- **R634 million** Capital investment in information technology (FY 2019: R681 million)

**Contribution per segment**

- Supermarkets RSA: 3.5%
- Furniture: 11.6%
- Supermarkets Non-RSA: 6.9%
- Other operating segments: 78.0%

**Environment**

- **3 298 MWh** Renewable energy generated (FY 2019: 2 637 MWh)
- **Diverted 9 400 tons** of plastic waste from landfills and the environment through **684 million** recycled and recyclable plastic carrier bags sold

**COVID-19**

- **R327.2 million** Cost of COVID-19
- **24 million** Customers served
- **1.04 billion** Transactions during the year

**Customers and communities**

- **R136.0 million** Invested in communities
- **Food donations**: 42%
- **Communities**: 23%
- **Early Childhood Development**: 16%
- **Hunger relief**: 16%
Our business

Shoprite Holdings Ltd (the Group) and its subsidiaries is Africa’s largest fast-moving consumer goods retailer. Our Home Office is in South Africa and we operate across the continent. The Group’s core business is food retailing, although we sell a wide variety of products ranging from furniture to pharmaceuticals, cellular and technology and financial services, providing our customers with a one-stop-shop experience.

Operational structure and footprint

Shoprite Holdings Limited (Shoprite) is an investment holding company listed on the Johannesburg Stock Exchange Limited in the food retailers and wholesalers sector. Secondary listings are also maintained on the Namibian and Zambian Stock exchanges. The Group’s subsidiary structure is explained in detail in the Directors’ report in the annual financial statements available on www.shopriteholdings.co.za.

Distribution of operations

Total corporate stores 2352

* Classified as discontinued operation. CFO report page 26
Brand overview

Supervarkets

Revenue contribution

<table>
<thead>
<tr>
<th>Brand</th>
<th>RSA</th>
<th>Non-RSA</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHOPRITE</td>
<td>78.0%</td>
<td>11.6%</td>
<td>Russia</td>
</tr>
<tr>
<td>Usave</td>
<td>19.3m shoppers</td>
<td>19.3m shoppers</td>
<td>1.8% market share gained</td>
</tr>
</tbody>
</table>

Value add

Creating a one-stop-shop customer experience.

2020 achievements

Despite the negative impact of COVID-19, the Supervarkets RSA operation grew sales by 7.5% during the second half of the financial year.

Furniture

Revenue contribution

<table>
<thead>
<tr>
<th>Brand</th>
<th>RSA</th>
<th>Non-RSA</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>House &amp; Home</td>
<td>3.5%</td>
<td>3.5%</td>
<td>Furniture</td>
</tr>
</tbody>
</table>

Value add

Providing homeware, furniture, electrical appliances to serve more affluent customers.

2020 achievements

We continued with the consolidation of our Furniture business footprint throughout the year resulting in OK Furniture closing a net 19 stores in South Africa and one store in Non-RSA.

Other

Revenue contribution

<table>
<thead>
<tr>
<th>Brand</th>
<th>RSA</th>
<th>Non-RSA</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical</td>
<td>78.0%</td>
<td>78.0%</td>
<td>RSA</td>
</tr>
<tr>
<td>Medirite+ Pharmacy</td>
<td>6.9%</td>
<td>6.9%</td>
<td>Other</td>
</tr>
</tbody>
</table>

Value add

Creating a one-stop-shop customer experience.

2020 achievements

Of the 2020 achievements, specifically showed the businesses’ agility and ability to adapt and innovate during the national lockdown in South Africa, which resulted in second half sales increasing by 3.5%.

About Shoprite Holdings

About Shoprite Holdings

Integrated Annual Report 2020

Preparing 44 000 repeat prescriptions per month through the very convenient Prep-My-Script platform.

Delivering 325 000 parcels per month with a service level for in time and in full delivery of 99.98%.

Fully integrated with the Group’s central supply chain.

Enhanced to include Sixty60 boxed, a consumer-facing offering.

Online and call centre ticketing agent, situated in most supermarkets and furniture stores, and serving all supermarket and corporate customers’ event, travel ticketing and related solutions.

Extended from a stand-alone financial services and cellular store to offer the latest smart and feature phones at the Money Market counter of all Group supermarkets.
The retail operating environment is significantly impacted by the state of the economy. The economic downturn impacts affordability and for many, food security. Effective application of technology is becoming essential to maintaining a competitive position.

<table>
<thead>
<tr>
<th>Macro environment</th>
<th>Non-RSA economies</th>
<th>Food security</th>
<th>Retail environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>South African economy</td>
<td>The Group’s Non-RSA Supermarket operations (excluding Nigeria) contribute 11.6% of Group sales.</td>
<td>Many people cannot afford or access sufficient quantities of food. In addition, nutritional deficiencies are leading to widespread stunting of children in their early years. Environmental changes in weather patterns are putting natural resources at risk as the impact of climate change grows, which has a bearing on sourcing of products and the ability to develop local suppliers.</td>
<td>Technology is changing retail, with integrated ERP systems being applied through the value chain to improve efficiencies and digital platforms facilitating omnichannel shopping. More retailers are using technology to seamlessly engage with customers across channels in an attempt to improve their retail experience.</td>
</tr>
<tr>
<td>Operating environment</td>
<td>In global terms, from a population growth standpoint, Africa remains attractive in our view. The GDP growth outlook remains broadly positive in certain key regions although post-COVID-19 economic growth is expected to be lower over the short and possibly medium term. Notwithstanding the relatively positive long-term population growth construct, the impact of a lower oil price, material currency devaluations and resultant high inflation has negatively impacted customer affordability and, in some cases, structurally altered the market on which we previewed our original operating model. It is for this reason we are conducting a country-by-country review of our operations to determine the best way forward in regions where a different model – such as a JV, partnership or franchise – may serve us better. As has been noted in this report, we are currently in discussions with regard to a sale of a majority stake of, or its entire shareholding in, Retail Supermarkets Nigeria Ltd, a subsidiary of Shoprite International Limited.</td>
<td>People at risk: 1.7 million South African households (10.5%) are deemed ‘vulnerable to hunger’, while 2.5 million South African households (15.8%) reported their food access is inadequate (source: Stats SA, Food Security in South Africa. 2019 (p 14, 16). Due to the loss of income during COVID-19, more than one in 10 people reported experiencing hunger, indicating the loss of income may further increase food insecurity in the country. (Source: Stats SA, May 2020)</td>
<td>Increased competition between retailers provides more product and shopping options to customers. This drives innovation in systems and support functions to deliver on high customer expectations. Within such a dynamic retail environment, innovation within a physical store environment – as well as across digital sales platforms – is critical to maintaining a competitive advantage.</td>
</tr>
<tr>
<td>Retail environment</td>
<td>Brent crude average price per barrel: 2020 US$51.42 (2019: US$68.61) Food inflation: 2020 7.3% (2019: 3.3%) Rand closed sales: 2020 -1.4% (2019 Restated: -8.8%) Current currency sales: 2020 6.6% (2019: 0.2%)</td>
<td>Retailers are using technology to manage and reduce their own carbon footprint.</td>
<td>Africa’s young, millenial population is experiencing hunger, indicating the loss of income may further increase food insecurity in the country. (Source: Stats SA, May 2020)</td>
</tr>
<tr>
<td>Response</td>
<td>Retail offerings focused on value across all income segments; from low-income communities served by Uxowie to a premium shopping experience at the new Checkers Fresh concept stores. New digital shopping channel: Sixty60 ordering and delivery app launched in FY 2020. Taking ownership of external costs by reducing the Group’s reliance on grid electricity and impact of power outages: rolling out the installation of renewable solar photovoltaic (PV) plants at certain locations.</td>
<td>Our Sixty60 on-demand, one-hour grocery delivery service helped drive a seven times increase in online revenue for the Group.</td>
<td>Invested in an integrated and central ERP system to facilitate a more strategic and future-fit approach towards retail.</td>
</tr>
<tr>
<td>Non-RSA</td>
<td></td>
<td></td>
<td>Launch of digital customer-facing channels and rewards platform.</td>
</tr>
<tr>
<td>Response</td>
<td>De-risk African exposure: Reviewing African footprint while retaining a competitive position on the continent.</td>
<td>Response</td>
<td>Using data analytics: optimised marketing spend with a targeted online and more personalised marketing approach.</td>
</tr>
<tr>
<td>Technology</td>
<td>Building climate-resilient communities by supporting 119 community food gardens in the communities in which we operate.</td>
<td>Innovation</td>
<td>Diversifying revenue streams</td>
</tr>
<tr>
<td>Diversifying revenue streams</td>
<td></td>
<td></td>
<td>A data-driven retail environment enables customer profiling and the ability to tailor services to meet customer needs. This customer-centric model opens up opportunities for retailers to offer add on services and adapt channels to market. New entrants are bypassing traditional channels, while those with established retail footprints are testing new channels and product offerings. Diversifying revenue streams not only enhances competitiveness within what remains a low margin environment, but provides added value services that support customer retention and growth.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diversifying revenue streams</th>
<th>Intellectual Capital report page 52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology adoption</td>
<td>Intellectual Capital report page 52</td>
</tr>
<tr>
<td>Enhanced products and service offerings towards convenience and an improved shopping experience.</td>
<td>Developed new media services for FMCG product supply partners.</td>
</tr>
<tr>
<td>Development and deployment of IT infrastructure: integrated all channels, brands and products into one seamless data process.</td>
<td></td>
</tr>
<tr>
<td>Increased competition between retailers provides more product and shopping options to customers. This drives innovation in systems and support functions to deliver on high customer expectations. Within such a dynamic retail environment, innovation within a physical store environment – as well as across digital sales platforms – is critical to maintaining a competitive advantage.</td>
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“Words don’t do justice to applaud all the Shoprite teams that pulled together to ensure we kept our staff and customers safe.”
“At R48.5 billion in sales, our Checkers and Checkers Hyper business has become a formidable presence in the South African food retail market. We are extremely excited about the journey ahead.”

Pieter Engelbrecht
Chief Executive Officer

2020 confirmed the resilience of this great company, the Shoprite Group. This will forever be remembered as a devastating and defining year for South Africa and the world. Faced with operating on the front line of a pandemic, our 141 402 people unhesitatingly came together to serve our customer base of over 24 million people across the 15 countries we operated in this year. It was my great honour to lead this team whose tireless commitment behind the scenes, across our 2 352 corporate stores and throughout our communities, will undoubtedly stand the test of time.

We embarked on 2020 with great vigour and determination; the confluence of factors that had culminated in disappointing results the previous year triggered a significant innovation drive across the entire Group. In the words of our former great leader Nelson Mandela, I like to think that at Shoprite we either win or learn and, in that sense, none of our challenges is ever experienced in vain. This year was no exception as we emerged stronger and armed with a new enterprise-wide IT infrastructure to enable and accelerate our strategic objectives.

In hindsight, the timing was fortuitous, as our new systems combined with our heightened fortitude carried us through a year we shall never forget. It has left us fiercely determined and focused on our renewed and updated purpose, to be Africa’s most affordable, accessible and innovative retailer. This is transparent, simple and premised on instant savings at the checkout. It has surpassed our expectations and, by year end has established a phenomenal base of 4.7 million members who have benefitted from a billion rand in savings. In a short time, we have learnt a considerable amount about our customers’ shopping patterns and preferences.

From a financial perspective, we ended 2020 having gained R4.9 billion in market share in our core Supermarkets RSA business. As a Group, we grew sales by 6.4% and diluted HEPS after adjusting for foreign currency movements and hyperinflation by 16.6%. This was no small achievement given the many disruptions to trade as a result of lockdown regulations across all 15 countries in which we operated, inclusive of the complete shutdown of both our Furniture and Liquor businesses. The particulars of this and other financial metrics we have worked hard to improve on throughout the year are detailed in our CFO’s report. It is noteworthy to mention that the bedding down of our integrated ERP system has enabled us to focus our efforts with pinpoint accuracy and overall, this investment – together with the unwavering adoption of the system by our business on a fully integrated basis – has been a watershed experience for the Group.

Moving towards a simpler, smarter Shoprite

Despite the obvious adversity and challenges presented during the latter part of our 2020 year, the months that preceded it are worthy of reflection and commendation as they featured the execution of several key strategic and innovation initiatives. However, they did require the completion of the implementation of our ERP systems to come to fruition.

The first of these was the October 2019 launch of our Checkers Xtra Savings Rewards Programma in our Checkers business. Designed to save our customers money, Checkers Xtra Savings Rewards is transparent, simple and premised on instant savings at the checkout. It has surpassed our expectations and, by year end has established a phenomenal base of 4.7 million members who have benefitted from a billion rand in savings. In a short time, we have learnt a considerable amount about our customers’ shopping patterns and preferences.

This is an exciting initiative and a significant first step in our digital transformation towards a simpler, smarter Shoprite. We expect it to deliver great benefits not only to our customers, but also to the Group and our suppliers.

Checkers and Checkers Hyper reinvention continues

Shortly after the launch of Checkers Xtra Savings Rewards, Checkers reopened its flagship Checkers Hyper in Sandton, Johannesburg in its latest FreshX format.

This was shortly followed by the long-awaited opening of Checkers Constantia Emporium in Cape Town in a Shoprite Group-developed centre in which we partnered with local landowners. Constantia Emporium is a landmark development for the Group, pioneered 12 years ago by our former CEO Whitey Basson and houses, in our view, a world-class Checkers FreshX supermarket.

The Checkers FreshX format continues to be met with great customer acceptance as evidenced by the chain’s overall growth in sales (including Checkers Hyper) of 13.5% in South Africa this year. To date, we have 28 stores in this format and we are working our way towards our 80 store target with increasing momentum. In alignment with our Group strategy, we continue to close the gap in fresh and convenience with our Checkers and Checkers Hyper brand but, first and foremost, Checkers stands for value. More than ever we believe our Checkers customers leave our stores having had a great experience but importantly, having shopped well.

At R48.5 billion in sales, our Checkers and Checkers Hyper business has become a formidable presence in the South African food retail market. We are extremely excited about the journey ahead.
Innovation increasingly a common thread throughout the business

As our customers’ shopping behaviour changes – and for us that can mean different things in different market segments – the need for us to increase flexibility and agility while being innovative is of paramount importance.

An example of this is our digital shopping app Sixty60 by Checkers. A mission-driven service offering one-hour delivery – a retail first in South Africa – this initiative has been met with an exceptionally positive customer response. Launched in test phase format in November, Sixty60 by Checkers demonstrated innovation, agility, and world-class execution.

Unsurpassed execution strength across the business

It’s hard to believe the tumult of supply and sourcing interruptions that began in February have resulted in where we are in the world today. The surreal nature of the impact of COVID-19 was fleeting for us as we swiftly moved from scenario planning mode into full-scale execution. Words don’t do justice to applaud all the Shoprite teams that pulled together to ensure we kept our staff and customers safe, got our stock to stores, and complied with the regulations and their many iterations while still demonstrating incredible agility and creativity.

First and foremost, a salute to our health and safety, supply chain, security, human resources, IT and Non-RSA teams, which were formidable. Your resilience, execution and solution-driven dedication is second to none and has set the tone for us to not only survive the initial and ongoing challenges as a company, but to emerge stronger. That being said, your approach was unilaterally echoed throughout the business. Not a day or hour passed when I wasn’t humbled by how our Shoprite people tackled the challenge of operating and complying with the confines of constantly changing nationwide lockdown regulations across 15 African countries.

My thanks extend to every single employee in our company across our Supermarket, Liquor, Franchise, Furniture, Money Market, Computicket, Checkers Food Services and Pharmacy businesses as well as the incredible teams – in marketing, communications, operations, finance, sourcing, strategy and innovation, buying, legal, risk and compliance, and properties – who enabled and supported them. There is an adage: may the wind always be at your back … this is exactly what I wish for the incredible people of Shoprite. I cannot thank you enough.

Core operations hold the fort

This year, our Shoprite supermarket business, the engine room of our Group, again played a pivotal role in our lives. We estimate its customer base, gauging by the number of transactions per year, sits at 19.3 million people. Shoprite and Usave together grew by 5.0% over last year, generating R83.8 billion in sales. Their combined volumes, scale and reach facilitated superb execution on their low-price promise to our customers. They continue to drive pricing, value and range in a market that lives paycheque to paycheque at best; and in many cases, depends on Government grant payments to survive.

The capability demonstrated by Shoprite and Usave during the COVID-19 nationwide lockdown was unsurpassed. The restrictions pertaining to work and travel impacted customer visits to Shoprite as many of its stores are located near transport and work nodes. Conversely, Usave – which is intentionally positioned where our customers live – fulfilled a great need during lockdown. Both businesses also managed to move community service to the front of their agendas. They donated R27.3 million in surplus food to over 400 beneficiary organisations from the beginning of the national lockdown till the end of the fiscal year, serving 9.1 million meals.

Community moved top of the agenda

Shoprite and Usave innovated and addressed the immediate needs of their customers and the neighbourhoods in which they trade, during lockdown.

Within three days of commencement of the lockdown period, Usave developed a Usave truck shop to take basic food and services to underserved folks in communities who could not travel.

Shoprite rapidly expanded its base of 19 soup trucks to 24 and, in doing so, distributed 3.9 million soup meals throughout all South African provinces via its Mobile Soup Kitchen Programme. This initiative supports numerous organisations in need. I am very proud of how, despite managing to operate in the most onerous operating paradigm as a result of lockdown, both businesses also managed to move community service to the front of their agendas. They donated R27.3 million in surplus food to over 400 beneficiary organisations from the beginning of the national lockdown till the end of the fiscal year, serving 9.1 million meals.

The Group was also first to market with the digital grocery voucher; the uptake of which was humbling as it demonstrated the amazing generosity of South African people and corporates in their pursuit of safety and efficiently supporting friends, family, employees and organisations in need during this crisis. Our customers, too – many of whom found themselves in difficult circumstances – donated R1.7 million at our till points via our Act For Change Fund.

“I am very proud of how, despite managing to operate in the most onerous operating paradigm as a result of lockdown, both businesses also managed to move community service to the front of their agendas. They donated R27.3 million in surplus food to over 400 beneficiary organisations from the beginning of the national lockdown till the end of the fiscal year, serving 9.1 million meals.”

“I am very proud of how, despite managing to operate in the most onerous operating paradigm as a result of lockdown, both businesses also managed to move community service to the front of their agendas. They donated R27.3 million in surplus food to over 400 beneficiary organisations from the beginning of the national lockdown till the end of the fiscal year, serving 9.1 million meals.”
We continue to make significant progress against the goals we set to reduce food losses and waste and to increase and encourage our customers to use sustainable packaging. The Group has embedded sustainability metrics into its world-class reporting system to enable us to capture and use real-time data to influence decision-making and to make our operations more efficient, responsive and environmentally responsible.

Involving and adding value to our communities and our environment are equally important. We expanded our partnership with Pack-A-Ching and K1 Recycling supporting the launch of a new mobile bulb centre. This initiative removes recyclable waste from the environment but also provides communities with real incentives to collect waste and creates entrepreneurial opportunities for the operators.

Our future in the new normal
COVID-19 has turned the economic outlook upside-down, both globally and on the home front, almost overnight. Watching the growth forecasts unravel at a pace never before seen has been devastating, as is the reality of what it means for our country and our people. Outside of the direct impact on consumers, there will be many changes ahead and I expect that retail will forever be altered.

In our mid- to upper-end of the market, customer visits are down but basket spend is notably up. It certainly seems the advent of COVID-19, which by many accounts is here to stay, has accelerated in a way that a generation step change into e-commerce. While there will be some normalising effects when freedom of movement resumes, I expect when it settles, it will be at a structurally higher “new normal”.

Customers are increasingly going direct and digital and, in response, our Checkers Slick60 digital application executed a J-curve trajectory from its initial launch earlier in the year to end June 2020 operating from 87 stores. This demonstrated an incredible scaling capability during a short and challenging timeframe and we pride ourselves on this example of Shoprite’s powerful execution and transformation capabilities.

Strategy and capital allocation
I expect history will mark this time as the end of an era, which in effect means we are standing at the beginning of a new dawn for humanity. We are a business, following a talent-development strategy aimed at driving long-term value through a future-fit Shoprite talent pool.

In appreciation and looking ahead
As a Group, we pioneered the appreciation bonus payment as South Africa entered nationwide level 5 lockdown. The payment was made via our Shoprite Group employee, whether full-time, part-time, employed by us or via a service provider. This was a Group effort and we showed our appreciation accordingly. This amounted to a total payment of R102 million by Shoprite. We coined the term “appreciation bonus” to demonstrate our appreciation of our people ahead of what we anticipated would be considerable hardship due to COVID-19. However, the regard shown to us as a company was beyond our expectations. It was without a doubt one of the most insightful and deserved decisions we made in support of our Shoprite people.}

To our customers, suppliers, shareholders and all stakeholders, thank you for your continued support. We work hard this year at maintaining our engagement with you despite the obvious complications with physical one-on-one engagements. The business seamlessly migrated to remote operations as evidenced by the 184 160 virtual meetings held from 27 March until our 28 June year end. Each of you is an integral part of Shoprite’s future success and I look forward to sharing the Shoprite journey with you in the years ahead.

Thank you also to our Board members for their guidance and support throughout the year. We mark the retirement of our Chairman Christo Wiese in 2021. Were it not for his courageous vision, this formidable company supporting the employment of 141 452 people would not exist.

To our customers, suppliers, shareholders and all stakeholders, I am confident that Shoprite, is irreplaceable.

Looking forward, it is clear 2020 will be forever etched in our collective memory. The Group’s day-to-day execution and adaptability while remaining focused has been in a class of its own. Our irremovable culture, underscored by lifetimes of experience in adverse conditions, has resulted in what I can only describe as an unwavering battle-like execution. My sincere thanks to my generals who made it possible.

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Chairperson’s report

“Shoprite is again showing resilience in dealing with this crisis. It is notable that we assessed and acted on the threat to our supply chain when news of the virus emerged. We enabled about 2,500 employees to move to a work-from-home environment within three days of the shutdown while ensuring appropriate security measures were put in place.”

Christo Wiese
Chairperson

This past year has been a defining one for me in two respects. Firstly, it was my final year as Chairperson of the Board, marking the end of a long and rewarding journey of 40 years. Secondly, it is a year that will be remembered in time for the outbreak of the COVID-19 global pandemic and the devastating economic impact that resulted. In this report, I would like to reflect on my journey with the Shoprite Group and how the resilience we have demonstrated in the past will equip us to navigate these uncertain times.

The journey
Shoprite (founded in 1967) was acquired by the Pep Group in 1979, when Shoprite owned eight small Western Cape grocery stores, for a net consideration of R1 million. I joined the company as Chairman in 1981. With the backing of a capable Executive team under the outstanding leadership of Whitey Basson, we put in place a strategy for growth. The growth was to be achieved organically as well as through acquisitions. Examples of this which shaped the Group over the past four decades include acquisitions of Grand Bazaars – a company of similar size to Shoprite – in 1990, a follow-up years later by the acquisition of OK Bazaars for a price of one rand, a price that reflected its loss-making position that was equivalent to our entire annual profit at the time. The relative size of these acquisitions could have been viewed as high risk, but each and every significant acquisition was successfully concluded and integrated with the core business. The outcome of this growth strategy was that Shoprite was quick to establish itself as one of the major players in the South African retail space and grew to be the largest retailer on the African continent.

Our decision to diversify beyond South Africa into the African continent was built on the premise that there was opportunity within this emerging market with a vast population and regions of high economic growth. We were always aware of the challenges a move north of our borders would present and while recognising the complexity of this market, I believed the market potential justified the decision to diversify into other geographies. Over the years, volatility in interest and exchange rates, economic growth and operating conditions led to mixed fortunes in the performance of the Non-RSA business. Although we have had to continually adjust to respond to changing regional conditions, we remain steadfast in the belief that our efforts to establish a continental footprint will reward us over the long term and will consider a range of different strategies in this regard.

Shoprite story could be viewed as a text-book business case. From a humble beginning, we have grown into a business that is the largest retailer and private sector employer in South Africa. The investment of just R1 million in 1979 has translated into a business with an annual turnover of R156.9 billion. This growth could have been achieved only by having a Board that was highly supportive of an exceptional management team, whose sole goal was to achieve absolute success in all our initiatives and deliver results.

Reflecting on what has enabled this success story, an overriding constant has been our focus on the people within and around our business. From the outset, we adopted a customer-centric focus, with operations structured to deliver value at competitive and affordable price points. Customer centricity was built on the back of affordability and this remains a key differentiator of the Shoprite business model.

Today’s retail environment, we need to go beyond affordability to address individual customer needs. Our investment in technology has ensured we made excellent progress in response to this. Our social impact includes our contribution to food security and to direct and indirect employment, and our investment in communities. We are aware that our business is anchored in communities where our customers, and employees reside. We contribute to these communities through our CSR programmes, our enterprise and local sourcing initiatives and through local retail programmes. By way of example, we have provided more than 43.2 million meals since we commenced our Mobile Soup Kitchens in 2007. We invest in unemployed youth through our Retail Readiness training programmes and blistered learning curricula. Over the past 10 years, the Group created 52169 new jobs and we continue to invest in people.

The Shoprite story could be viewed as a text-book business case. From a humble beginning, we have grown into a business that is the largest retailer and private sector employer in South Africa. The investment of just R1 million in 1979 has translated into a business with an annual turnover of R156.9 billion. This growth could have been achieved only by having a Board that was highly supportive of an exceptional management team, whose sole goal was to achieve absolute success in all our initiatives and deliver results.

Our way forward
Whereas we built our foundation on a bricks-and-mortar retail model, technology has now become essential as a business enabler and alternative channel to market. Shoprite has invested heavily in enterprise management systems and the ability to securely collect data to better understand our customers over the past three years. We are now seeing the benefit of that investment, in enhanced efficiency and inventory management, which translates into an improved customer experience. I am pleased to have been part of the successful transformation of Shoprite’s retail K-net, utilising technology to enable greater precision in matching our retail offering to customer preferences. I believe Shoprite’s capability in this regard is in line with international retailing best practice.

The ongoing innovation in new and adapted product and service offerings leverages our extensive retail footprint to improve reach and customer convenience. Shoprite is proving to be highly innovative in this regard. New and extended product and service offerings for customers not only preserve our market share, but provide exciting new opportunities for growth.

Shoprite is one of the top 200 highest carbon emitters in the world. We are already a carbon-neutral business and want to become carbon-negative. We have set a target of 10% reduction in carbon emissions by 2025. We are committed to developing low-carbon strategies and technologies that will enable us to reduce our carbon footprint.

Our Board and Executive team
Shoprite’s success was achieved by a committed Board and a strong and capable leadership team. Over the past five years, we have made changes at an executive level, notably the appointment of Pieter Engelbrecht as CEO, and continue to make new appointments. Similarly, we are in the process of appointing new members to increase the number of Board members and enhance the diversity and strength of the Board. Our approach is to combine the old with the new, retaining those who have served Shoprite for the past decade and who bring a deep understanding of the business, while introducing those who bring variety and fresh experiences.

I have the utmost confidence in the current Executive team to continue this journey of success and look forward to the confirmation of Board appointments that will provide the leadership, continuity and diversity for our business.

Appreciation
For the effort that my fellow Directors, our Executives and employees have put into building this business, I express my sincere gratitude. I have consistently enjoyed engaging my fellow Bill, Tim and Christian members and Executives of Shoprite and thank them for their commitment to working with me to make Shoprite what it is today. As an ongoing large shareholder of the business, I look forward to watching as the next chapter in the Shoprite story of success unfolds.

30 September 2020

Chairperson

CH Wiese
The year in review

2020 was the year defined by COVID-19. It was the most challenging year in Shoprite’s history. The COVID-19 pandemic has resulted in Shoprite embarking on a process to consider the sale of either a majority stake or the entire shareholding in Retail Supermarkets Nigeria Ltd, the Group’s operations in Nigeria. As such, Retail Supermarkets Nigeria Ltd is disclosed as a discontinued operation in the results for the year.

Group sales for the year increased by 6.4% to a record R166.9 billion. Diluted headline earnings per share (HEPS) from continuing operations, adjusted for hyperinflation and exchange rate differences and related tax effects, increased by 16.6%. Dividends for the year increased by 20.1%. Our second half Group sales growth of 5.4% was achieved despite significant uncertainty,锁定对我们的}$^\text{1}$ and the implementation of lockdown regulations which required our South African store base to close for 52 days and our Non-RSA regions to close, on average, for 31 days. Consequently, second-half sales declined by 23.1%. Credit participation increased to 13.3% (2019: 12.7%) of the business’ R5.5 billion sales for the period.

Our Shoprite and Usave brands remained focused on their low price promise in their respective markets growing sales by 5.5% and 16.5% respectively. This was despite the impact of COVID-19 lockdown regulations during the last quarter of 2020. Our Shoprite business model, premised on being located within the communities it serves, was conveniently positioned during COVID-19 lockdown. Consequently, Shoprite did not benefit to the same extent as many of its stores are conveniently positioned during COVID-19 lockdown. Conversely, Shoppers and Usave brands performed admirably in what can only be described as incredibly challenging conditions for both our staff and customers. The two weeks preceding South Africa’s initial 35 days of level 5 lockdown resulted in elevated sales growth across all of our supermarket brands but noteworthy was the significant growth reported by our repositioned mid-to-upper-end Checkers (including Checkers Hyper) business.

In constant currency, sales of merchandise for the year increased by 6.6%. Internal food inflation for the segment averaged 7.2% for the period. Our second half was considerably impacted by the monumental task of managing deferring and constantly changing COVID-19 lockdown regulations across 14 African countries. The lockdown restrictions pertained mostly to store closures, social distancing restrictions, the movement of people, trading hours, workforce limitations and trade in alcohol, all of which impacted various countries to differing degrees at different times.

Our Angolan supermarket business reported sales in constant currency 1.2% lower than last year. In rand terms, this translated to a 20.3% sales decline. Difficult conditions prevail in Angola; the combined impact of rampant inflation and currency devaluations in recent years continue to decimate customer spending power. While US dollar availability to secure in-stock levels remained constrained, we did manage to improve stock availability during the second half of the year.

Our Zambezi operations reported sales growth of 15.7% in constant currency for the year; however, in rand terms, grew by 0.2%.

The Shoprite and Usave brands remained focused on their low price promise in their respective markets growing sales by 5.5% and 16.5% respectively. This was despite the impact of COVID-19 lockdown regulations during the last quarter of 2020. Our Shoprite business model, premised on being located within the communities it serves, was conveniently positioned during COVID-19 lockdown. Consequently, Shoprite did not benefit to the same extent as many of its stores are located near transport and work nodes where customers were restricted from due to lockdown regulations.

The sales growth momentum achieved in the segment’s Liquor business during the first half continued up to February and accelerated, pre-lockdown, during March 2020. COVID-19 lockdown regulations required the complete closure of the Liquor business for 66 days and subsequently restricted trade to four days a week (Monday to Thursday) for the month of June 2020. The combined result of a first half during which sales increased by 20.5%, followed by a second half during which sales declined by 29.5%, resulted in a decline of 13.5% for the year. Liquorshop represents 5.8% of Supermarkets RSA’s sales. It opened a net 32 new stores and ended the year with 500 stores in South Africa.

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Areas of focus for the Group during the 2020 financial year included the following:

<table>
<thead>
<tr>
<th>Key driver</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing capital expenditure</td>
<td>Capital spend reduced by 38.8% to R3.2 billion.</td>
</tr>
<tr>
<td>Deposing of selected assets to unlock balance sheet value and increase ROC</td>
<td>Property, plant and equipment to the value of R1.3 billion were sold since the inception of the initiative to unlock value on the balance sheet.</td>
</tr>
<tr>
<td>Improving our cash flow</td>
<td>Net cash increased by R4.4 billion to R10.2 billion and net debt reduced by R4.3 billion to R25.3 billion.</td>
</tr>
<tr>
<td>Improving stockholding levels</td>
<td>Inventory as a percentage of sales improved with 2.2 percentage points to 12.0%.</td>
</tr>
<tr>
<td>Maintaining our lean cost structure</td>
<td>Total expenses increased by 6.9% during the 2020 financial year to R32.3 billion.</td>
</tr>
</tbody>
</table>

Sale of merchandise

The following table gives the relevant sale of merchandise per segment from continuing operations:

<table>
<thead>
<tr>
<th>Segment</th>
<th>52 weeks 2020</th>
<th>52 weeks 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Supermarkets RSA</td>
<td>122,412</td>
<td>112,655</td>
</tr>
<tr>
<td>Supermarkets Non-RSA</td>
<td>18,153</td>
<td>18,407</td>
</tr>
<tr>
<td>Other operating segments</td>
<td>5,470</td>
<td>6,206</td>
</tr>
<tr>
<td>Total</td>
<td>146,035</td>
<td>137,268</td>
</tr>
<tr>
<td>Total operating segments</td>
<td>146,035</td>
<td>137,268</td>
</tr>
<tr>
<td>Hyperinflation effect</td>
<td>1,596</td>
<td>1,596</td>
</tr>
<tr>
<td>Consolidated</td>
<td>146,631</td>
<td>148,864</td>
</tr>
</tbody>
</table>

Other operating segments

The Group’s other operating segments, representing 6.9% of Group sales and comprising OK Franchise, TransPharm, MedRite Pharmacies, Checkers Food Services and Computicket, achieved sales growth of 3.9% for the year.

This was achieved despite lockdown limitations impacting CFS, given that its primary customers (the restaurant and hospitality industry) were closed during lockdown – as well as Computicket, with lockdown restrictions significantly impacting events and travel-related ticketing.

Notwithstanding these restrictions, the businesses’ ability to adapt and innovate resulted in second-half sales increasing by 3.5%. OK Franchise opened 40 stores this year in South Africa with the base now totalling 415 stores throughout CFS and Computicket.

Olders other operating segments

Total other operating segments increased by 3.9%.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK Franchise</td>
<td>6.0</td>
</tr>
<tr>
<td>MedRite Pharmacies</td>
<td>1.7</td>
</tr>
<tr>
<td>Checkers Food Services</td>
<td>8.2</td>
</tr>
<tr>
<td>Total other operating segments</td>
<td>3.9</td>
</tr>
</tbody>
</table>
Summary consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Change</th>
<th>52 weeks</th>
<th>Restated* 52 weeks</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>2020</td>
<td>2019</td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Sale of merchandise</td>
<td>6.4</td>
<td>(119 233)</td>
<td>(113 028)</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>6.1</td>
<td>(115 855)</td>
<td>147 478</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Gross profit</td>
<td>8.9</td>
<td>37 532</td>
<td>34 450</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Other operating income</td>
<td>(5.7)</td>
<td>2 326</td>
<td>2 467</td>
<td>9.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>(2.6)</td>
<td>58</td>
<td>742</td>
<td>(19.4)</td>
<td>(19.4)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1.2</td>
<td>(5 031)</td>
<td>(4 971)</td>
<td>(5.01)</td>
<td>(11 845)</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>6.2</td>
<td>(12 085)</td>
<td>(11 845)</td>
<td>(480)</td>
<td>(23)</td>
</tr>
<tr>
<td>Credit impairment (losses)/reversals</td>
<td>5.8</td>
<td>(14 189)</td>
<td>(13 417)</td>
<td>5.8</td>
<td>5.8</td>
</tr>
</tbody>
</table>
Chief Financial Officer’s report (continued)

The table below gives the approximate rand cost of a unit of the hedge of a proportion of the net investment in the Group’s US dollar-denominated short-term loans of operations outside South Africa and balances in US dollars held in offshore accounts.

- **Restated for the adoption of IFRS 16:** Leases and discontinued operations in accordance with IFRS 5.

### Foreign exchange differences

As stated in the accounting policies, the assets and liabilities of foreign subsidiaries are converted at rand at closing rates. These translation differences are recognised in equity in the foreign currency translation reserve. In essence, most foreign exchange differences in the statement of comprehensive income are due to US dollar-denominated short-term loans of operations outside South Africa and balances in US dollars held in offshore accounts.

The Group recorded exchange rate gains of R666.4 million for the period. In essence, most of the foreign exchange differences are due to gains on AOA, USD Index Linked Government Bonds, losses on US dollar-denominated short-term loans of operations outside South Africa and balances in US dollars held in offshore accounts.

The Group designated its US dollar-denominated lease liabilities as a hedge of a proportion of the net investment in the Group’s US dollar subsidiary, 5IL, and applied hedge accounting from 1 July 2019.

The table below gives the approximate rand cost of a unit of the following major currencies at year end:

<table>
<thead>
<tr>
<th>Currency</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar</td>
<td>17.141</td>
<td>14.174</td>
</tr>
<tr>
<td>Euro</td>
<td>19.234</td>
<td>16.106</td>
</tr>
<tr>
<td>Zambia kwacha</td>
<td>0.946</td>
<td>1.085</td>
</tr>
<tr>
<td>Angola kwanzza</td>
<td>0.029</td>
<td>0.041</td>
</tr>
<tr>
<td>Mozambique metical</td>
<td>0.226</td>
<td>0.226</td>
</tr>
<tr>
<td>Nigeria naira</td>
<td>0.044</td>
<td>0.039</td>
</tr>
</tbody>
</table>

Net finance costs

- Net finance costs increased by 6.0% to R2.5 billion during the financial year.

### Income tax expense

The Group’s effective income tax rate of 34.0% is 3.0 percentage points higher than the prior year (2019: 31.0%).

The effective tax rate is higher than the nominal income tax rate of South Africa (28%) mainly due to the write back of deferred tax assets for Non-RSA countries with accumulated income tax losses where there is uncertainty regarding the future profitability to absorb these losses. In some of the Non-RSA countries, minimum taxes or rental income taxes are applicable in addition to the statutory tax rates being higher than 28% in most cases, all contributing to the higher effective tax rate.

### Discontinued operations

Following receipt of various approaches and in line with our consideration of the Group’s operating model in Nigeria, the Board has decided to initiate a formal process to consider the potential sale of a majority stake of, or its entire shareholding in, Retail Supermarkets Nigeria Limited, a subsidiary of Shoprite International Limited. The Group is at an advanced stage of discussions in this regard and will provide updates to the market at an appropriate time.

### Headline earnings per share

- Basic headline earnings per share from continuing operations increased by 2.6% from 747.7 cents to 767.0 cents and diluted headline earnings per share from continuing operations increased by 2.5% from 746.9 cents to 765.8 cents.

### Statement of financial position

- **Non-current assets**
  - Property, plant and equipment, right-of-use assets and intangible assets: The Group’s property, plant and equipment decreased by R3.2 billion to R18.3 billion.
  - The Group’s total capital spent on property, plant and equipment and software amounted to R3.2 billion for the period, a decline of 38.8% on the prior year. The reduced spend was mainly due to the lockdown regulations implemented during levels 4 and 5. The Group spent R603.3 million on leasehold improvements and the purchase of vacant land and buildings to secure future opportunities; R1.3 billion on store maintenance and refurbishments; and R403.0 million on new stores (excluding land and buildings). The balance of R962.0 million was spent on IT and supply chain projects.
  - The Group has embarked on a programme to divest from non-strategic real estate in an effort to unlock value in the balance sheet. Real estate to the value of R1.7 billion has been sold since the launch of the initiative of which R764.4 million relates to the current year.

Intangible assets consist mainly of goodwill paid for acquisitions, trademarks acquired and software. Goodwill represents the premium paid for certain businesses and is tested for impairment annually based on the higher of the fair value less cost to sell or the value-in-use of these businesses, calculated by using cash flow projections. Software represents the Group’s investment in certain computer software that is used in its daily operations. Software is amortised over its useful life of three to 10 years.

Trademarks largely represent the purchased Computicket, Transhop and Sliven Eleven trademarks and are amortised over 20, 16 and 20 years respectively.

### Deferred income tax assets

Deferred income tax assets are provided, using the liability method, for calculated income tax losses and temporary differences between the income tax bases of assets and liabilities, and their carrying values for financial reporting purposes. Deferred income tax assets are evaluated on an annual basis to ensure recoverability.

### Government bonds and bills

<table>
<thead>
<tr>
<th>Government bonds and bills</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOA, USD Index Linked, Angola Government Bonds</td>
<td>2 238</td>
<td>2 567</td>
</tr>
<tr>
<td>AOA, Angola Government Bonds</td>
<td>264</td>
<td>433</td>
</tr>
<tr>
<td>Angola Treasury Bills</td>
<td>–</td>
<td>16</td>
</tr>
<tr>
<td>Total government bonds and bills</td>
<td>2 502</td>
<td>3 080</td>
</tr>
</tbody>
</table>

Local currency cash and short-term deposits in Angola are subject to onerous local exchange control regulations. The Group is utilising said cash for its local trade and has invested surplus cash in AOA, USD Index Linked, Angola Government Bonds and AOA, Angola Government Bonds as well as Angola Treasury Bills as part of its hedging strategy against a future possible devaluation. Government bonds to the value of R2.4 billion will mature during the next 12 months and the aim is to reinvest in yielding financial instruments. The Angola Treasury Bills matured during the financial year.
Chief Financial Officer’s report (continued)

Current assets

Inventories

<table>
<thead>
<tr>
<th>Description</th>
<th>Restated</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed escalation operating lease accruals</td>
<td>51 51</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Prepayments and indirect taxes receivable</td>
<td>410 410</td>
<td>376</td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>788 788</td>
<td>666</td>
<td></td>
</tr>
</tbody>
</table>

* Restated for the adoption of IFRS 16: Leased and discontinued operations in accordance with IFRS 5.

Trade receivables from contracts with customers were hampered during the lockdown period in South Africa, as well as other territories where credit is granted and are expected to deteriorate in line with the anticipated economic downturn. Based on the assessment of anticipated credit losses for the year in terms of IFRS 9, Financial Instruments, the provision against the debtor book increased from 35.8% to 50.5% compared to the previous year. The movement in the provision equates to an income statement charge of R33.4 million.

Cash and cash equivalents and bank overdrafts

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank overdrafts</td>
<td>2 065</td>
<td>4 124</td>
</tr>
<tr>
<td>Net cash and cash equivalents</td>
<td>3 018</td>
<td>3 583</td>
</tr>
</tbody>
</table>

* Restated for the adoption of IFRS 16: Leased and discontinued operations in accordance with IFRS 5.

The Group has introduced strict buying programmes for both imported food and general merchandise to manage the impact of the higher US dollar rate to the rands.

Various programmes are underway to support South African supplier and enterprise development.

Trade and other receivables

Trade and other receivables mainly comprise instalment sale receivables, franchise debtors, receivables from medical aid schemes, buying aid societies and rental debtors. Adequate allowance is made for potential bad debts and the outstanding debts’ book is reviewed regularly.

Collections from instalment sale receivables from contracts with customers were hampered during the lockdown period in South Africa, as well as other territories where credit is granted and are expected to deteriorate in line with the anticipated economic downturn. Based on the assessment of anticipated credit losses for the year in terms of IFRS 9, Financial Instruments, the provision against the debtor book increased from 35.8% to 50.5% compared to the previous year. The movement in the provision equates to an income statement charge of R33.4 million.

Net cash and cash equivalents (after deducting bank overdrafts) amounted to R10.0 billion compared to R36.6 billion in 2019. The increase was primarily due to an improvement in working capital of the Group; a lower capital spend following the slowdown during the lockdown regulations; and the proceeds from the sale of assets.

Shoprite Insurance

With respect to the Furniture business, net premiums earned relating to third parties amounted to R201 million (2019: R254 million). Net premiums for credit protection amounted to R112 million (2019: R148 million). As in the past, the Group accounts for premiums earned and extended guarantee losses over the life of the policy. In line with the South African National Credit Act, insurance premiums are invested and earned on a monthly basis.

With respect to Shoprite Insurance Company Limited, at year end, the Company had a Solvency Capital Requirement (SCR) as per the Insurance Act of R354 million, with actual own funds/equity available to meet SCR of some R976 million. This gives rise to SCR cover of 3.9 times (2019: 2.9 times) the new Insurance Act effective from 1 July 2018 before the declaration of dividends to the holding company. No dividends were declared during the year (2019: R324 million).

In appreciation

Finance on this extraordinary year is humbling and the efforts of many people require acknowledgement and my sincere thanks.

To my Shoprite finance team, you are all incredible and your devotion and commitment to your work and the Group are truly remarkable. It is a testament to our committed people and our clearly defined corporate business model in which responsibility is clear and accountability is high.

For this reason, we can be certain that regardless of what the economy sends our way, we will continue to advance this Group with our multitude of planned projects to grow and future-proof Shoprite. We have considerable work ahead of us due to the COVID-19 lockdown impeding building and construction work for many months. As a result, inclusive of our catch-up capital spend from 2020, we estimate we will spend R4.8 billion capital (2020: R3.8 billion) for FY 2021, of which approximately 95% will be spent in Africa.

Given the 2021 operating context, the future is impossible to forecast. Yet, Shoprite will focus on the factors within our control and there are many. The adoption of the integrated ERP system within the company has been remarkable. This multifunctional tool is proving invaluable to us as we raise our already high operational standards, with many more benefits expected, given that the system is still in its infancy within the business.

Aside from managing day-to-day operations, FY 2021 will incorporate continued work and efforts on improving our return on capital by focusing on working capital (specifically inventory) and continuing with our Non-RSA invested capital review. 2021 will be no different from any other year for us at Shoprite. We will come together to give our very best and our capable and experienced people throughout the company will continue to adapt and respond to what transpires. We are fortunate to be in food retail with a lifetime invested in being synonymous with low prices; a promise we will tirelessly execute in support of our customers.

The year ahead

While the full impact of COVID-19 is still to be determined, as things stand, National Treasury’s latest forecasts indicate the South African economy will contract by 7.3% in 2020 with possible further deterioration, should the global economy continue to weaken. GDP growth forecasts vary widely but very few point to a scenario in the coming financial year that is better than that of the National Treasury and, in fact, many are far worse. Unemployment in South Africa is estimated to move to 35.1% for Q1 2020 and the outlook from here, short to medium term, is of great concern.

While the rate of price rise has risen from its initial COVID-19 shock low, it still bodies poorly for African countries particularly dependent on it as a single commodity. Collectively, our business outside South Africa will not be spared the economic conditions currently experienced by the world and it is for this reason we have decided it is not the time to forge into Kenya, given that it has taken short of our expectations.

Net realisation of the outlook, 2020—undoubtedly proved Shoprite is capable of executing in the most difficult circumstances. We unite well in times of adversity and the past six months highlighted our key strengths lie not only in operational execution at scale, but it appears we are agile and adaptable. To witness how the teams remained focused on their respective projects and targets despite the despair around us was truly remarkable. It is a testament to our committed people and our clearly defined corporate business model in which responsibility is clear and accountability is high.

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“Shoprite is defined by its people, their loyalty and their endurance. Our culture is like none other: priceless and irreplaceable.”
Shoprite’s integrated business model provides an overview of how the Group’s businesses align with the strategy. More detail follows in the Business Case, Material Issues, Risk and Capital report.

### Our strategy

- **A smarter Shoprite**
  - Customer-first culture
  - Develop future-fit channels
  - Enable precision retail

- **Closing the gap**
  - Trusted, profitable, private labels
  - Grow market share in premium and fresh
  - Stronger franchise offer

- **Winning in the long term**
  - Assess position in Africa
  - Refocus capital allocation
  - Unlock alternative revenue

Our strategy drives our focus on the core of the business and how we have performed or delivered based on our strategic growth levers and delivering on our strategic growth levers and addressing our material issues.

### Our channels of distribution

- 61% population served monthly
- 1.04 billion transactions annually, serving 24 million customers

### Our value

- **Retail**
  - 17 customer-facing brands across various formats and product ranges that are available in-store or online
  - Branded value-added services available in stores and online

- **Operational support functions**
  - Serving third-party customers, stores and online customers

### Inputs (activities)

- The investments the Group makes in each channel to be able to deliver on our strategic growth lever.

### Outputs (numbers)

- How we have performed or delivered based on our investments.

### Outcomes (impact/value add)

- The value our investments have added to our shareholders and our stakeholders by focusing and delivering on our strategic growth levers and addressing our material issues.
Our strategic drivers

Our strategy remains growth-focused by optimising our retail core in existing markets. By pursuing these drivers of growth in an ethical and sustainable way, we capitalise on opportunities to unlock incremental growth by becoming a smarter, more customer-driven business and we continue to deliver on our purpose to be Africa’s most affordable, accessible and innovative retailer.

Our operations are fully aligned to deliver on the Group’s nine strategic drivers of growth:

1. A truly customer-first culture
   - A truly customer-first culture
     - Following the re-platforming of our integrated ERP system, we have set our sights on an ambitious digital transformation programme that will place customers at the centre of every business decision, deepen our customer intelligence and personalise every customer experience to build trust and incentivise customer-centric behaviour across the organisation.

2. Develop future-fit channels
   - Our flexible store portfolio, new digital commerce propositions and digital channels form a strong foundation for an omnichannel shopping experience. Into the future, our investment is aligned with winning the ‘race for reach’ in digital to match our physical presence in the market.

3. Enable precision retailing
   - With our investment in digital transformation, we can leverage our data assets to embed insight and analytics into our processes, enabling us to make smarter business decisions faster, further optimise our supply chain and become even more relevant to our individual customers.

4. Trusted, profitable private labels
   - With our investment in digital transformation, we can leverage our data assets to embed insight and analytics into our processes, enabling us to make smarter business decisions faster, further optimise our supply chain and become even more relevant to our individual customers.

5. Grow share in premium food and fresh
   - Our investment in digital transformation allows us to capture the untapped upmarket share of fresh produce and premium options through 42 new franchised stores.

6. A stronger franchise offer
   - We will drive stronger benefits to our franchisees from our fully integrated planning, procurement and logistics functions, in the same way as our corporate stores.

7. Assess position in Africa
   - We remain committed to Africa as a priority and are still well positioned to serve the continent’s growing population in the long term.

8. Refocus capital allocation
   - Our investment focus is shifting towards smaller and more productive store formats closer to customers’ homes, and new digital capabilities that enable us to increase our addressable market and to become a smarter, more precise operator. Strategically we will aim to improve our return on investment capital (ROIC) through ongoing growth in cash generated from operations, releasing invested capital, focus Capex, and improving working capital via a reduction in inventory levels. ROIC has been tabled as a target metric for executive and management level compensation.

9. Unlock alternative revenue
   - We added 1,251 new private label products to comprise 16.5% of our South African supermarket sales (2017: 14%).

Closing the gap in key segments

A smarter Shoprite

Winning in the long term

Highlights:
- 2019: Voted number 1: Lowest Prices (Shoppers) and Best Value (Checkers)
- 2020: Launched our first mobile platform allowing customers to utilise a mobile wallet opportunity in Checkers, and focusing Shoprite on offering the most accessible entry price points in the market.

Winning in the long term

Highlights:
- 2018: Focused on procurement, food safety and quality controls across the business and supply chain to successfully address our expansion plans
- 2019: Introduced ‘100 new and fresh convenience products; our Checkers Fresh concept store
- 2020: Introduced innovation that improved access to healthier, value-adding food to more customer groups; opened seven additional Fresh concept stores
- 2021: Expansion of Checkers Fresh concept stores and launch of an additional 204 fresh food products

Closing the gap in key segments

4. Trusted, profitable private labels
   - We control our private-label supply chain and our scale allows us to develop, produce and distribute products effectively. This advantage enables us to lead in affordability and quality from our value to our premium positioned products.

5. Grow share in premium food and fresh
   - Higher-income customers are increasingly looking for value but without compromising on choice and freshness. Our strategy to serve higher-income South Africans with an elevated offering and an enhanced store experience through our Fresh concept stores results in a favourable customer response.

6. A stronger franchise offer
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   - We added 1,251 new private label products to comprise 16.5% of our South African supermarket sales (2017: 14%).

Highlights:
- 2019: We added 1,251 new private label products to comprise 16.5% of our South African supermarket sales (2017: 14%)
- 2020: Introduced 828 new private labels with a focus on creating even more accessible price points and closing share of wallet gaps in fresh and convenience products, improving private label participation in RSA by 60 basis points to 17.1%
- 2021: Continued product innovation to capture the untapped upmarket share of fresh produce and premium options through 42 new franchised stores.
What sets us apart (continued)

The Shoprite investment case

The Group’s investment case is anchored on our food retail business which provides scale and customer reach. We are leveraging this capability with additional products and channels to market, to unlock new revenue streams for future growth. Our investment in technology is increasing operational efficiencies and expanding our addressable market which serves as a foundation for new revenue opportunities and anytime commerce that extends beyond traditional store reach and trading hours.

What differentiates the Group is our high volume of customers and transactions, a balanced portfolio of brands and formats, repositioning in underserved markets with growing populations, centralised physical and digital infrastructure, and lean cost structure.

Technology is dramatically changing the retail landscape, with systems applied to all parts of the value chain driving efficiencies and precision retailing. Communication is more direct and immediate with customers wanting more convenience across a spectrum of products and services. Retailers must, therefore, proactively innovate to simplify the customer experience across both physical and digital interactions.

The Group’s food retailing business remains the foundation of the Shoprite Group but we are evolving our service offering and channels to market to retain our competitive position. We are well on our way towards reaching key milestones on Smarter Shoprite, closing the gap in key segments and setting ourselves up to win in the long term.

Competent team, clear structure and people-focused culture
We have developed a leadership and management team which combines years of experience at Shoprite with new skills that support our future growth strategy. Our leadership and operational structures are well defined and business segments are aligned, efficient and convenient. The Group operates a corporate-owned (with just OK Franchise being a franchised business) retail model.

Our established history and employee base also gives us immeasurable experience. Daily learnings and overcoming adversity throughout the years have developed a resilient and solutions-driven culture throughout the company. Shoprite is defined by its people, their loyalty and their endurance. Our culture is like no other: priceless and irreplaceable.

All our brands are customer-focused with strong local ties and have embedded customer loyalty and brand recognition. We drive cost efficiency to enable affordable pricing options for all our customers, with this being particularly relevant for those with limited disposable income. We are also aware of the social difference we can make in communities and contribute significantly to community development and food relief programmes.

We believe our impact is considerable as we serve 141,452 employees and over 24 million customers.

A suite of individual brands that combine to cover the SA food retail sector
Supermarket retail is the Group’s core business with its three major trading brands aligning with all customer segments. A low-price leadership strategy is adopted across all our brands and is evident with more than 24 million customers shopping at one of our 1,647 supermarkets, liquor and in-store kiosks every week.

The unique positioning of each brand, supported by an effective supply and logistics infrastructure, provides a solid foundation for continued growth. Collectively, the Shoprite Group’s brands command 31.8% of the formal food retail market share in South Africa, but individually they all retain significant growth potential. The size of the Shoprite brand provides economies of scale which, along with our store footprint, is leveraged to serve each brand’s loyal customer across specific market segments.

Shoprite
With 503 stores, this is the Group’s original and biggest branded business and generates the majority of Group turnover and volumes. The scale of Shoprite provides a foundation for growth and expansion for the rest of the business. Shoprite is a full-service supermarket and a one-stop-shop for customers where they can get their monthly prescription medicine while they do their shopping, pay their bills and receive Government grant pay-outs. The extensive retail footprint enables Shoprite to easily manage both mid- and end-of-month trading peaks coinciding with the wage and Government’s social grant pay dates.

Checkers and Checkers Hyper
Checkers and Checkers Hyper, which now operate 261 supermarkets, are perfectly positioned to grow market share in the more affluent consumer segment that has been underserved by the Group. Through improving product offerings and customer experience at Checkers and Checkers Hyper – and introducing the value-in-this-format – we are providing alternative shopping destinations. FreshX stores are more bespoke and have elevated the brand to cater for the premium and fresh markets consumer segments. The focus on affordability as well as a larger range of fresh products and healthier options provide significant upside growth potential.

Usave
Usave is the Group’s limited assortment small-format supermarket that addresses the needs of our customers in underserved communities. Its product offering is limited, with the focus on affordability and convenience of location within the community.

In recent years, this brand has been further entrenched with the development of the Usave eKasi and Usave Truck Shop. This format allows the Group to cost-effectively extend its footprint into rural/outlying areas, giving more people access to food and basic services.

During the year and in direct response to the COVID-19 pandemic, Usave pioneered the Usave Truck Shop. In under a week, the truck shop concept was initiated and rolled out to assist customers in underserved communities unable to travel during lockdown, showing the Group’s agility and capability to respond to an extraordinary situation.

Usave increased its footprint by a net 14 supermarkets, including six eKasi container stores, as well as seven Usave Truck Shop stores, and retains significant growth potential in serving its target communities.
The Shoprite investment case (continued)

Liquor
The Group’s Liquor business is an area where, as a category, the business still has headroom to attract a fair share of the market. We trade with the LiquorShop brand across Shoprite and Checkers, which allows us to address the market uniquely in different segments. The brand and business has considerable momentum and with 500 stores in South Africa, sits with considerable store growth potential.

Introduction/growth of private labels
Our private label brands are key to the Group’s growth strategy, enhancing our customer value proposition and contributing 17.1% of SA supermarket sales (2019: 16.5%). It has become an avenue for significant product development and innovation and provides our customers with greater choice and value. Our scale and efficient supply chain allow us to develop, produce and distribute these private labels more cost-effectively.

Our private labels, like our store formats, cover all market segments with equivalent room for growth in the upper, premium and fresh markets. They are focused on maintaining low-price leadership (our supermarket private labels), best value-branded products, full-range products that incorporate health, wellness and environmental (exclusive to Checkers) benefits; general merchandise and convenience/ready-made meals.

In-store financial and value-added services
In-store financial and value-added services cater for customers who have limited access to formal banking or other payment platforms or who choose more affordable payment methods as a means of reducing high transaction fees. Our services benefit from the additional customer traffic. Customers can access most of these services from 1 147 supermarkets and K’nect stores.

Financial services include:
- Playing utility bills, settled municipal accounts, SABC licences, Telkom accounts and Multichoice DStv subscriptions
- Mobile top-ups, airline and data and cellphone starter packs
- Sending and receiving money, a saving stamp facility that allows individuals to save or redeem credits at any Shoprite, Checkers or Usave
- Administering Government’s SASSA grant payments made to millions of customers every month

Value-added services include:
- K’nect stores, Tach! in supermarket departments providing technology and mobile phone ranges and accessories purchases and, more recently, a wider product range that includes handsets from R139
- Compulsory: the largest ticketing service provider allowing customers to book or collect travel (busses, flights) and event (concerts and sport) tickets
- Money Market: a new partnership with OUI/Surance allows customers to buy life and funeral cover in-store, with funeral insurance for as little as R1 a day
- MediRite and Transpharm: access to medicines in underserved communities via MediRite (our customer-facing brand), supported by Transpharm (the wholesale and distribution business)

Furniture
The Group trades with two furniture brands: our House & Home business catering to the mid-to-upper segment with 41 South African stores; and our OK Furniture middle-income format with 314 stores in South Africa and 83 in Non-RSA. Both sell furniture, bedding, appliances and audiovisual products and focus on value, ranging and service in their respective markets.

African footprint
Although our Non-RSA businesses have gone through a difficult period over the past two years, our African business journey has historically been successful and profitable. Our African footprint remains a key capability that will allow us to service the burgeoning population growth on the continent over the long term.

In recent years, commodity price declines – specifically oil – have negatively impacted economies in some regions, resulting in reduced consumer spending power and currency devaluation challenges. While many of these countries are managed on a constant currency basis, dollar-based cost growth (specifically regarding rental costs) continues to challenge the business.

For these reasons, we are investigating alternative business models in some countries to manage challenges more effectively and operate more successfully over the long term. We remain well positioned to serve Africa’s growing population over the next few decades. Our popularity as a brand, large customer base, extensive physical footprint, knowledge and digital infrastructure give us a competitive advantage that we will capitalise on once economic conditions improve.

Online channels
Shoprite has the largest store footprint of any supermarket in Africa. We range of physical stores, our e-commerce delivery and digital services form a strong foundation for the omnichannel shopping experience that is fast becoming the retail norm. We have successfully launched our Checkers’ Sixty60 shopping app but will remain focussed, over the next few years, on winning the “race for ready” in digital.

Improving efficiency and return on capital
Operational efficiency is critical to our ability to retain our competitive position on affordability. To continue to drive efficiencies, we are investing extensively in systems and technology and shifting our focus on capital allocation. Our business model remains fundamentally the same with ongoing innovation and optimisation driving efficiency and improved returns.

Investment in ERP to operational and supply chain efficiency
Our investment in digital transformation and specifically our integrated ERP system has directly contributed to improved efficiency over the past year. We now consolidate all critical information into a single database, providing consistent and accurate business intelligence from a single source. This system has been transformational in terms of how the Group manages, views and uses information and will prove more significant as we start using it more critically. We are now building on this foundation to optimise the business and create a truly differentiated customer experience by leveraging customer data and advanced analytics, enabling us to be more precise in managing inventory, making merchandising decisions and offering a more personalised customer experience.

Focus on customer data to drive experience
Our strategy to unlock incremental revenue and cater for a diverse set of customer preferences relies on effective application of our digital infrastructure and data-driven customer profiling. Technology-based solutions will allow us to connect directly with our customers by concentrating on their needs and preferences, by adjusting promotions and pricing a granular level. It also creates an opportunity to develop customer and communication channels, using a variety of media platforms to tailor our messaging in line with customer shopping preferences.

Capital allocation
Shoprite has operated (owned and managed) a centralised supply chain for more than 20 years. As a means of improving return on invested capital (ROIC) and to enable the repurposing of capital, we have entered into sale and leaseback agreements of properties and logistics fleets (see Ratlou capital allocation). Our investment focus is shifting away from larger, more expensive capital projects to smaller and more productive store formats and technology projects with higher returns. The Group retains its management function of operations and facilitations.
Material issues

We prioritised our top 12 most material issues based on our operating context, risks and opportunities and stakeholder insights review that we undertook during the year.

A review of the material issues as presented in FY 2019 was undertaken, based on how management of the issue influences our ability to deliver on our strategic goals and long-term value creation. The impact of COVID-19 was introduced to this report and discussed as a special report. Our responses to each material issue is covered in the Capabilities report. This section provides a summary of our 12 material issues, their links to our top risks and a reference to where you can find more information about them in this report.

Impact of COVID-19

The ramifications of COVID-19 on the business has been both direct and indirect. The business experienced a direct and substantial impact as the pandemic emerged and most countries in our trading areas were locked down. Trading continued in the food business but we had to adapt quickly to maintain grocery stock as consumer demand shifted with panic buying and changing priorities. Sales from the Furniture segment (3.5% of Group sales) and Liquor stores (5.8% of Supermarket RSA sales) were influenced by a full closure of stores followed by restricted trade over the period from 26 March to the end of June.

The business also experienced other costs in the obvious economic recession as new regulations had to be implemented, security had to be increased and by adding employee assistance. Future societal risks remain uncertain but are likely to present numerous challenges.

COVID-19 has been material to the business as a global event but has also had an influence on existing material issues. These influences have been discussed in the discussion on each while the COVID-19 special report provides more information on how the Group reacted to it.

COVID-19 special report page 64

Trade performance and growth opportunities

The global economy remains under pressure which has an influence on performance. COVID-19 introduced new challenges and additional, unplanned expenses which will have an impact on levels of consumer spending. Distribution centre and logistics restructuring released capital for new investments in technology and alternative store formats. The expansion of FreshX stores and the launch of the e-commerce platform provide an opportunity for future growth.

Supply chain structure and cost configuration

A lean cost structure and a centralised distribution system are important to maintain our trading margins and provide our customers with affordable products. We expanded our supply chain capacity and efficiency with our integrated ERP system, giving us an integrated view for improved planning and distributing. A business continuity plan with contingencies for energy supply disruptions or shortages of natural resources has also been put into place. Continuing to invest in our supply chain infrastructure will have substantial advantages as we improve our business optimisation processes (also see information and technology).

Information and Technology

Continued investment in technology and data analysis remains a priority as the Group strategically positions itself for optimising the business to create new opportunities and grow into new markets. The initial disruptions caused by the implementation of the integrated ERP system in FY 2019 have been addressed. The system has led to significant improvements in operational efficiency, enhanced customer insight and data analytics, and the ability to roll out technology-based initiatives at scale and on demand. This is shown in certain brands being able to target new market segments and the use of real-time inventory data to optimise and manage stock levels.

Greater emphasis has been placed on our IT governance – with a focus on data security and privacy – to provide appropriate and sustainable IT governance.

Quality and Safety

Shoprite is committed to supplying high-quality and safe products and a safe shopping and working environment. The COVID-19 pandemic placed additional pressure on us to deliver on this. We prioritise safety and security throughout our operations, ensuring effective quality control in our sourcing and throughout our supply chain and safeguarding our retail environments from crime and occupational health and safety risks. A centralised digital monitoring and compliance platform for health and safety reporting, and regular health and quality checks and audits assist with our zero-tolerance approach towards any safety threats, including crime. Compliance and regulatory spend and its impact during COVID-19 to maintain the Group’s level of commitment to the safety of all stakeholders. Additional expenses allowed us to further health protocols and other security measures to ensure the safety of our employees, our customers and suppliers, and our physical stores.

Social licence to operate

To maintain our social licence to operate, the Group must be positioned and recognised as a good corporate citizen and a sustainable long-term business for our stakeholders. Our social licence to operate is dependent on how well we manage our environmental, social and governance responsibilities. We use international reporting frameworks to evaluate our progress in managing and reducing the Group’s environmental and social impact. We disclose on the CDP platform for Climate Change, Water Security and Forestry, aligned with the UN Sustainable Development Goals and, for the first time this year, report against the GRI reporting standards.

Employees

The HR strategy – also known as our People Transformation Programme that was approved in FY 2019 – specifically addresses the challenges the Group faces in a highly contested, rapidly evolving retail environment.

To evolve into a sustainable, optimal and future-fit business, it is essential that we have the right people in the right positions. To be an employer of choice, we need engaged, proactive employee relationships. Our HR strategy aims to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.

Leadership transformation and employment equity

The Group has a stable and diverse leadership team in place. Our leadership strategy goes beyond equity transformation and focuses on diversity. We have invested in developing our management teams and employed a diverse team of leaders over the past two years. Our team members bring industry knowledge, depth of experience and a fresh view. The same rules of transformation and diversity are applied to the Board of Directors. Employment equity remains a priority in all employment considerations.

Regulatory environment

The Group operates in an increasingly complex regulatory and compliance environment. Shoprite’s interaction with the regulatory environment across various industry sectors requires significant investment in compliance management systems. Compliance is also required to uphold the Group’s status as a trusted and reputable brand. Engagement with regulators played a critical role in the correct and timely implementation of COVID-19 related regulations and increased emphasis on health and safety laws.

Socio-economic contribution

As the largest value food retailer in Africa and significant employer in South Africa, we have a direct impact on people and communities from all income groups. Our reach and contribution are determined by the salaries and taxes we pay and by the extent of our corporate social investment. We remain actively involved in communities through various initiatives to assist with food security and hunger relief. By investing in and developing top-performing SME suppliers, we provide growth capital and much-needed access to market.

Governance

The Board of Directors plays a critical role in guiding the Group through the regulatory environment and ensuring that the Group is prepared for regulatory challenges. The Board provides the leadership and strategic oversight for the Group, fulfilling its fiduciary duty as the steward of the Group’s assets, ensuring that all shareholders are provided with a fair return on their investment. Governance is critical to ensure that the Group operates efficiently and effectively and that it is well-managed and financially sound.

Board effectiveness (Board composition and key Board roles) – To improve the Board’s effectiveness in fulfilling its role, the Board has undertaken an extensive review of the Board’s composition and key Board roles. The review included an assessment of the Board’s composition and role responsibilities, with a focus on diversity, independence, skills, and experience. The review has resulted in a more balanced and diverse Board composition, with a greater emphasis on independent directors and women on the Board. The Board has also introduced new roles and responsibilities, such as the Chair of the Remuneration and Governance Committee, to enhance the Board’s effectiveness in fulfilling its role.

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Enterprise risk management

The Shoprite Group's Board is accountable for governance oversight of the Executive team's management and performance of enterprise-wide risk and compliance risks, to enable achievement of the Group's strategic objectives. The Audit and Risk Committee approves the Group-wide policies, processes and procedures that give effect to risk and compliance management principles, as appropriate, to the Shoprite Group and its various businesses.

The Group's risk landscape comprises 55 key risks, categorised as strategic, operational, financial or compliance risks. They are rated according to likelihood of occurrence and impact (inherent risk) on the business. The risk landscape is reviewed on an annual basis to ensure it remains relevant and that the Board-approved risk appetite and tolerance levels for each risk, remain appropriate.

The process and structures for governance and management of risk is shown in the diagram on the following page. The CEO, CFO and COOs and Commercial Managers of all business units comprise the first line of assurance. Business unit-specific risk registers are maintained that include weighted risk-control measures which reduce the inherent risk ratings to arrive at the current residual risk rating for each risk. The Group has risk management action plans in place to further reduce residual risk ratings. The management teams of each Shoprite business routinely report on risk and compliance matters arising to the Management Risk Forum led by the CFO, who also fulfils the Chief Risk Officer role.

The Group-level risk and compliance function – the second line of assurance – reports to the Group Company Secretary, who is also the Head of Legal, on compliance governance and to the CFO on risk governance. Material risk and compliance management issues or findings are escalated by the CFO and Company Secretary to the Executive team and to the Audit and Risk Committee for attention. The Group Internal Audit function – the third line of assurance – executes independent audits with either full or partial coverage in terms of the Audit and Risk Committee-approved annual Internal Audit Plan and reports administratively to the CFO.

The Shoprite Executive, through the CFO, takes responsibility for designing and implementing a combination of internal assurance and external assurance arrangements for the Group and its various business operations (combined assurance arrangements), that effectively cover Shoprite's significant risks and material issues.

The Audit and Risk Committee oversees governance oversight of Shoprite's application of its combined assurance arrangements. During the year, the Committee initiated an independent review of Shoprite's risk management functions. The results were taken into consideration for initiating an independent review of the effectiveness of the combined assurance arrangements in the period subsequent to year end. The outcome of the review will be applied to further enhance the Group's combined assurance arrangements on an optimal and cost-effective basis.

Value creation and performance

Risk governance and process overview

Overview of risk governance and risk management process

Risk governance
- Provide direction to the executive on strategic risk oversight and approach for related opportunities
- Approve governance level risk policy – risk appetite and tolerances
- Oversee executive performance of Group risk management function
- Oversee integrity of reporting on significant risks (internal and external reporting); approve reporting of the Group's material risks

Group executive risk management
- Governance level risk reporting directed to management of all significant risks associated with the Group's strategic/value-creation objectives
- Executive oversight of principal risks per key risk category

Management Risk Forum
- Group-wide forum management risk reporting by business unit and functional head
- Coverage of risk identification and related management and control activities; areas of emerging risks

Group-wide risk management functions
- Establish enterprise-wide risk management infrastructure and related risk policies and processes aligned with strategic risk management objectives
- Develop risk universe and risk prioritisation approach
- Monitor adequacy and effectiveness of risk and controls at business-unit/functional level on a Group-wide basis
- Oversee application of risk identification and risk-monitoring policies and processes at business unit/functional level
- Support development of appropriate risk management action plans in conjunction with business unit/functional management

Business unit and functional level risk management and monitoring
- Integrated risk identification and monitoring at business unit/functional level
- Business unit-specific risk registers continuously updated including information on risk management and control activities applied for identified risks
- Use of risk champions for promoting ongoing risk awareness within the business
- Operational risk-loss database system for ongoing risk identification and assessment

Key involvement

Top down
- Executive Directors
- Board and Audit Risk Committee
- Group Risk Manager
- Internal Audit

Bottom up
- Executive Directors
- Group Risk Manager
- Internal Audit
- Business unit and functional heads
Enterprise risk management (continued)

Residual risk rating

Risks are rated for their likelihood of occurrence and projected impact (inherent risk), after which weighted risk control measures are deducted to arrive at the residual risk rating. Corporate strategy and objectives are aligned with the risk appetite, which drives risk tolerances throughout the Group, and are linked vertically and horizontally across the Group. The Group’s risk appetite is generally low, except for certain strategic business development areas. The Group’s top 10 risk ratings are shown in the diagram on the right.

Residual risk rating scale

- Health and safety risk
- Food safety risk
- Business disruption risk
- Information technology (IT) and cyber risk
- People risk
- Foreign exchange risk
- Project and change management risk
- Fraud risk
- Environmental, social and governance risks
- Supply chain

Enterprise risk management (continued)

Value creation and performance

Enterprise risk management (continued)

Business disruption risk

Stakeholders

Risk mitigation

- Family, friends, employees, customers, partners, shareholders 
- Ensuring visibility to the root cause of an identified risk by using the quality assurance tool to pinpoint the risk origin 
- Focusing on product safety and quality through updating and maintaining control measures in line with any regulations 
- Having dedicated foods and fresh foods buying teams focus specifically on food safety and customer satisfaction 
- Regularly engaging with the Department of Employment and Labour and Compensation Fund officials 
- Investing in training and development and maintaining healthy employee relations to support future growth, including in the supply chain

Risk description

Our ability to deliver products and services may be severely impacted by business disruption to our operations or to those of our suppliers. Potentially disruptive events may include – but are not limited to – interruption in our supply chain caused by cyberattacks, data breaches or utility outages, physical or bomb threats, adverse weather, natural disasters, pandemics, unavailability of systems, acts of terrorism or fire. These events could result in the loss of revenue, distribution centres and trading sites, damage to assets, stock losses, injury or fatalities of employees, customers and any other third parties.

Information technology (IT) and cyber risk

Stakeholders

Risk mitigation

- Establishing a resilient and adaptable supply chain comprising a wide variety of vendors both locally and internationally to ensure the business is not dependent on a single supplier per product category 
- Regular engagement with key suppliers on their business continuity arrangements and capabilities 
- Maintaining a succession plan at top management level and in each business unit and function. Having business interruption insurance to provide protection

Risk description

IT and cyber risk includes any threat to Shoprite’s business data, critical systems and business processes associated with the adoption of, operation, ownership and use of information technology. This risk includes compromised business data due to unauthorised access or use, failure to protect data and prevent cyberattacks, an inability to access IT systems needed for business operations, and reduced productivity due to slow or delayed access to IT systems.

People risk

Stakeholders

Risk mitigation

- Investing in training and development and maintaining healthy employee relations to support future growth, including in the supply chain 
- Attracting the right talent and rewarding our employees fairly 
- Engaging and collaborating with trade unions to strengthen relations and find effective and practical solutions as part of the negotiation process 
- Investing recognised unions in a global retail employment environment benchmarking process to ensure Shoprite remains on top of market and industry trends and developments

Risk description

The Group’s employees are critical to the success of our business. Failure to maintain a productive and satisfied workforce can lead to high levels of employee turnover, training costs, staff absenteeism, health and safety incidents and labour unrest. These, in turn, could impact our reputation, customer satisfaction and profitability.

Enterprise risk management (continued)

<table>
<thead>
<tr>
<th>Risk name</th>
<th>Risk description</th>
<th>Business disruption risk</th>
<th>Information technology (IT) and cyber risk</th>
<th>People risk</th>
<th>Health and safety risk</th>
<th>Food safety risk</th>
<th>Business disruption risk</th>
<th>Information technology (IT) and cyber risk</th>
<th>People risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety risk</td>
<td>Failure to meet health and safety standards may cause injury, illness, stress or loss of life to customers, employees or any other party</td>
<td>High</td>
<td>Critical</td>
<td>Critical</td>
<td>Critical</td>
<td>Critical</td>
<td>Critical</td>
<td>Critical</td>
<td>Critical</td>
</tr>
<tr>
<td>Food safety risk</td>
<td>Inferior product quality, failing to meet food safety and customer satisfaction standards</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Information technology (IT) and cyber risk</td>
<td>Includes compromised business data due to unauthorised access or use, failure to protect data and prevent cyberattacks, an inability to access IT systems needed for business operations, and reduced productivity due to slow or delayed access to IT systems</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>People risk</td>
<td>Investing in training and development and maintaining healthy employee relations to support future growth, including in the supply chain</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

COVID-19 fast tracked the test cases for certain employees to work from home, which proved that a fully functional home office environment can be achieved, which in turn enabled an improved work life balance.
Enterprise risk management (continued)

**Stakeholders**

**Risk mitigation**
- Conducting stress tests to assess the Group’s ability to weather an economic downturn and to assist in improving efficiency and productivity.
- Maintaining good relationships with creditors to ensure reasonable credit payment terms.
- Building and maintaining long-standing relationships with multiple trusted suppliers in support of supply chain stability.
- Continuous monitoring and evaluation of the impact of inflation to ensure fair pricing and profitability.
- Adjusting marketing campaigns to reinforce messaging of high-quality affordable products for customers.
- Maintaining reasonable prices to support customer loyalty during economic fluctuations.
- Frequently attending in-country meetings with banks to better understand trends as well as the Central Bank and Ministry of Finance regulations.
- Staying abreast of and incorporating emerging and evolving regulations in South Africa and the Non-RSA countries in which we trade.
- Obtaining SASRA and not wrap insurance to protect against financial loss from acts of domestic and international political unrest, public disorder, riot, and terrorism.
- Maintaining generators at stores with maintenance and refuelling contracts in place to limit trading losses due to load shedding.

**Related opportunity**
A variety of opportunities arose during the financial year despite the adverse trading conditions as a result of COVID-19. The business adapted well and managed to create employment and new and innovative products and services. A changing business environment provides the opportunity to use our scale, experience and agility to stay ahead of and ahead of market trends, to adapt quickly and efficiently.

**Environmental, social, and governance risks**

**Stakeholders**

**Risk description**
Failure to adhere to corporate governance best practice, such as compliance with King IV and the JSE Listings Requirements, among others.

**Risk mitigation**
- Implementation of the necessary structures to ensure compliance with policies and procedures.
- Utilising a risk-related regulatory universe to ensure the business focuses its energy on all applicable laws, regulations and international best practices that fall within critical, high and medium risk categories.
- Regularly alerting officials across various jurisdictions on new and amended legislation to ensure the business adheres to regulatory measures as required.
- Regularly engaging with regulators and industry forums to ensure collaboration, alignment and quick response to changes or possible shortcomings.
- Compliance training is facilitated through e-learning with a focus on critical and high-risk impact legislation.
- A combined assurance framework which includes internal assurance providers is in place to manage and report on risk and compliance.
- Group sustainability functions are working to embed sustainability principles and practices into the Group’s operations and supply chain to address social and environmental issues with a focus on food security, packaging, water and climate change.

**Related opportunity**
To further position Shoprite as a good corporate citizen, various opportunities exist and are published in the annual Group Sustainability Report. The Group publicly discloses its climate change and water security risks, opportunities and performances via the CDP platform. Through these and other programmes, the Group is able to maintain its social licence to operate. Shoprite also works closely with suppliers which ensures supply chain re-engineering with respect to food security. The rising impact of environmental issues as well as COVID-19 issues continuously present opportunities for exploration. Being environmentally responsible means using natural resources more efficiently and reducing waste which translates into more efficient and cost-effective operations.

**Project and change management risk**

**Stakeholders**

**Risk description**
An inability to successfully implement strategic projects, with specific focus on innovation, a paperless business environment, e-commerce, customer analytics and data science, and derive the desired results from new systems, processes and procedures.

**Risk mitigation**
- Performing proper feasibility studies to determine whether projects are viable.
- Establishing a framework of tools and processes for managing projects, enabling a company-wide view of projects, new work requests and changes to existing services.
- Ensuring all critical projects are subject to external third-party review and quality assurance, including an independent assessment of the maturity level of the Project Management Office by an external assurance provider performed.
- Creating an enterprise-wide list of the top 10 projects to be monitored through the Project Approval Committee.
- Prioritising business unit projects by considering the potential impact, risk, resource allocation and demand.
- Increasing the visibility of deliverables to ensure work is appropriately resourced and prioritised.
- Appointing a capacity planner to assist with resource allocation.
- Tracking/project progress on a weekly basis to ensure any challenges are swiftly addressed.
- Assigning project managers in line with the level of specialisation demanded by projects.
- Using the Project Management Office to provide project governance, even those not specifically managed by the office.
- Controlling project value management and monitoring return on investment through the Group’s central Finance department.

**Related opportunity**
Various strategic projects are underway, with the ultimate aim to delight Shoprite’s customers from a value-creation perspective.

**Foreign exchange risk**

**Stakeholders**

**Risk description**
The Group has operations in several countries and imports merchandise from different countries. As a result, exchange rate movements can have a material impact on the Group’s profitability. We operate in countries with under-developed financial markets and, therefore, foreign exchange shortages and minimal foreign exchange controls may prevent repatriation of money and influence profitability.

**Risk mitigation**
- Monitoring of markets and exposures, and hedge exposures where possible, by financial managers and the treasury team in accordance with the Group’s Treasury policy.
- Repayment of soft currency payables, early settlement of foreign currency obligations, investments in USD-linked bonds and borrowing in soft currencies.
- Keeping foreign currency reserves to cover imports in Shoprite DTMC, a company which uses the US dollar as its functional currency.

**Related opportunity**
With the adverse implications of exchange rate risks, Shoprite increased its focus and awareness of financial and non-financial managers both in the local and non-South African markets to these risks and the importance of reducing any exposures to negative foreign exchange movements.
We have invested in becoming a future-fit business

Over the past few years, we have invested heavily in being a cost-effective and technology-enabled business and we have entered a new era in retail where our customers demand more value, more access and more convenience.

The retail environment and customer expectations will continue to change as technology advances. The Group’s investment in IT has given us the capabilities to accelerate our business growth, harnessing the power of data analytics and predictive insight while protecting data integrity and privacy. After completing the implementation of our new centralised enterprise-wide technology (ERP) system in 2018, we continued with initiatives to transform Shoprite’s business.

After overcoming the challenges of implementing the integrated ERP system, processes across the supermarket segment are fully aligned and integrated into one technology-enabled, digitised operational platform. It also gives us the opportunity to leverage further advantages through data analysis in our supply chain to continue to transform the business. This capability and access to markets is our main competitive advantage. We had certain goals and planned projects in place but COVID-19 provided the Group with the perfect storm. It challenged us socially; yet, it forced us to fast-track some projects into maturity which provided exceptional operational and learning during a very uncertain time.

Information and technology … as applied to supply chain structure and cost configuration

Our centralised supply chain – which controls the majority of local imports and cross-border export movements – is now fully merged with the Group’s ERP system. This allows for greater collaboration across all aspects of the supply chain, creating benefits in planning, procurement, warehouse logistics and distribution, and enables us to manage efficiencies to keep costs to a minimum. When we planned our ERP integration, our intent was to become a forward-thinking and technology-driven business, enabling us to make more informed and relevant business decisions, have real-time line of sight to integrate planning, improve on-shelf availability, satisfy our customers and boost sales and growth.

We are able to continuously improve the process of prioritising and replenishing stock, ensuring we manage variations in demand and supply more effectively, both upstream and downstream. During COVID-19, consumer/shopping behaviour changed drastically and almost overnight, customers reprioritised their immediate needs. With real-time data and flexibility in our supply chain, we could immediately react to reallocate and redistribute stock appropriately.

Efficiencies have been improved as we can give suppliers real-time information of stock status across the supply chain with associated rate of sale information. This drives improved collaboration to ensure the highest priority areas are addressed timely and ultimately enabling all parties to best meet the needs of the customer in the most efficient way possible.

Information and technology … as applied to growth and development

The Group’s IT infrastructure and associated intellectual property provides us with the benefit of reinforcing the relationships between digitisation, innovation and revenue diversification. We are able to unlock new revenue streams and use data analytics to focus our retail activities. Our customers’ access to technology and demand for financial services have increased and our Money Market and Cellular services have become increasingly digital, moving us into new markets.

Payments and collections: We are the first multi-lane retailer to accept dynamic QR code payments at all our stores. The Group also assisted with South African Social Security Agency (SASSA) payments when other collection points were closed due to COVID-19 lockdown restrictions.

Rewards card: The customer-linked Xtra Savings Rewards Programme increased our ability to understand our customers better. The insight gained from our Xtra Savings database informs buying, product stock allocation, and marketing decisions.

Online shopping: Using future-fit channels for marketing and online shopping has reduced marketing waste. After Checkers’ associated online shopping app Sixty60 was launched the roll-out was accelerated due to the high demand in online shopping and home delivery during the COVID-19 lockdown.

Food vouchers: In response to the lockdown, we introduced virtual vouchers for customers to buy and send food vouchers via SMS to family members or friends to use at any of the Groups’ food retail shops. Employers and other organisations could buy bulk vouchers as a means of reaching larger groups of people. We executed this initiative from the initial concept to the first transaction in these days, testament to our capabilities and responsiveness.

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Manufactured capital

Our infrastructure enables our delivery to our customers

The Group’s physical presence spans 15 countries and more than 2 300 sites over which we have full operational control. Our store footprint and supply chain infrastructure give us the ability to effectively provide our customers with access to affordable products and an increasing bouquet of value-add services.

Our store footprint spans a range of store formats – from large Checkers Hypermart to small Usave eKasi container stores – all of which are appropriate for its context and customers. Stores are becoming one-stop-shop destinations as we increase our product and service offering to our customers and as the retail environment evolues to align with changing customer needs.

A lean cost structure and centralised distribution system are important to maintain our trading margins and provides access to affordable products. Our supply chain includes 28 distribution centres, 855 trucks and 1 247 trailers in a portfolio of assets under our management. Our integrated, efficient supply chain remains an invaluable advantage in our African context.

Addressing material issues

Supply chain structure and cost configuration

Our success in South Africa and in other African countries is due to the sophisticated nature of our supply chain management. We have invested heavily in our systems and infrastructure to ensure they are aligned with international best practice and enable us to take a leadership position in this regard. Our model saves costs for our business and that of our suppliers, and generates environmental benefits. Continuing to invest in our supply chain infrastructure will have substantial advantages as we improve our business optimisation processes and move towards a more diversified and technology-driven Group.

The right products at the right time, in the right place

The right products at the right time, in the right place, play an important role in customer satisfaction and cost management. Our centralised ERP system fully integrates our supply chain with real-time POS data. Our improved data analytics and trend analysis give us the ability to correctly manage stock levels, minimise waste and time POS data. Our improved technology-driven insight to make informed retail decisions.

Technology-driven insight to make informed retail decisions

Private label and fresh produce expansion:

These developments were timely and proved beneficial during the COVID-19 lockdown period when travel was restricted and people were forced to shop in their local areas.

Developing supply chain capabilities:

To mitigate supply chain disruptions and improve business continuity and access to products, the OK brands are now integrated into the Group’s supply chain while they have the freedom and ability to source from local suppliers when needed.

Case study

Silapho ukuhlo – We are where you are

Usave eKasi stores offer a limited range of the most essential foods, primarily to previously underserved and rural communities. During the COVID-19 lockdown, Shoprite rolled out its eKasi truck stores to extend the reach of Usave.

On 26 March, the day the official level 5 lockdown was announced in South Africa, the first Usave eKasi truck stores started trading in Khayelitsha and then rolled into the streets of Oceanview in Cape Town the day after. The shop was set up close to where customers receive their social grant payments so shoppers could receive their money, do their shopping in a safe and regulated environment and go home while staying within walking distance of their own neighbourhood without the risk and costs involved with public transport.

The mobile stores can move to different locations every day of the week, thereby covering more distances, reaching more people.

Existing container stores can be placed on trucks and located to bring much-needed staple items directly to customers, retaining everyday low prices and adding convenience to the shopping experience. Stock is delivered every evening at local DCs.

Areas of focus

Increase our customer reach

In the past year, we successfully incorporated an additional 61 OK/Okfamark stores into the Bonus DC in the Western Cape and we see further opportunities for expanding the services network to the OK Foods Franchise members in the new year across our grocery categories.

Distribution centre (DC) development

The Group operates from six DCs in Africa and 22 in South Africa. We continue to develop our centralised distribution strategy through the opening of strategic trans-shipping hubs to optimise our network and drive service. In addition, these hubs will reduce kilometre growth, further reducing our carbon footprint. We will open the first of these centres in Polokwane in late 2020 and are investigating additional locations in the near reporting period.

Top five outcomes

1. 46 new franchise destinations
2. Over 320 million cases of product delivered to our stores
3. Over 85 million kilometres travelled
4. 24 private label brands worth more than R100m each
5. 829 new private label products launched

Arkansas

1 072 new stores opened

1 247 trailers of which 560 are refrigerated

COVID-19: Seven Usave eKasi truck stores

The Group’s investment in digital infrastructure, particularly the integrated ERP system, has enabled real-time oversight of the entire business. Our brick-and-mortar footprint remains key to our ability to drive growth and expansion into new channels as we use our improved technology-driven insight to make informed retail decisions.

Private label and fresh produce expansion:

The Group’s retail functions will continue.

Over 329 million cases of product delivered to our stores

102 new stores opened

24m² – 32m² store footprint

140 basic items

2011

1 247 trailers

735 employees

2 894 employees

Usave truck store

33% of stock is Ubrend private label

Four employees per mobile store (including the truck driver and security guard)

Seven truck stores opened since lockdown

Retail governance and value creation

Shareholder information

Value creation and performance

About the Group

Integrated Annual Report 2020

Stakeholder engagement

To manage our physical infrastructure, we engage largely with service providers and partners who form part of our supply chain and our customers – who are the recipients of our products and services – across our store footprint. Service providers and partners include regulators across the whole supply chain, property and other asset owners, building owners, lessors and logistics providers, local municipalities where we operate and financiers who support underwrite our capital investments. We engage with them through meetings, forums, negotiations and during site visits.

Customers are discussed in the Social Capital report page 58.

Primary concerns include:

- Access to convenient locations and relevant store formats
- Access to safe stores
- Fire risk to buildings and stock
Our business success depends on the wellbeing of our people

The Group’s second-largest stakeholder group is our employees. We work hard at nurturing our relationship with them, while we look after the sustainability of the Group. We aim to be an employer of choice and pride ourselves on being a strong, dedicated team along with our various other recognised trade unions. Employees in the Non-RSA operations are affiliated to various other recognised trade unions. Our largest union representation is with the South African Commercial, Catering and Allied Workers Union (SACCAWU), of South African employees, 34% are members of SACCAWU and 41% of our employees in the Non-RSA operations are affiliated to various other recognised trade unions.

Our HR strategy has been redesigned to adapt our approach to managing our employees and align with our business strategy. With the Group’s customer-first approach, our HR strategy specifically addresses the need for an engaged and empowered workforce, providing ongoing learning opportunities and promoting diversity.

Attracting and retaining talent: Attracting and retaining the right talent requires a challenge and is common in this industry. Despite high unemployment numbers, the employment market is more competitive and associated risks and opportunities. We have a talent attraction, career development, retention and succession strategy and are now in the process of finalising design principles for the Group’s talent management system. Talent attraction, career development, retention and succession strategy is common in the industry. Despite high unemployment numbers, the employment market is more competitive and associated risks and opportunities. We have a talent attraction, career development, retention and succession strategy and are now in the process of finalising design principles for the Group’s talent management system.

Areas of future focus

Enhance our customer-centric focus

Using the data capability of the Integrated ERP system will provide the HR team with real-time customer feedback and insights into customer satisfaction. This provides information to change/adapt training and development programmes to help employees increase customer satisfaction levels.

To service the business better

Recruiting employees for a future-fit Shoprite with a greater focus on customer convenience requires a new approach. Employees will continue to be trained beyond their current job, thereby enhancing their skills.

Programmes. Digitisation of learning facilities makes more efficient employee participation and has a greater reach.

Future-ready employees: A challenge for the Group is attracting the right skills at the right level in “new” areas as the Group expands its markets and offerings and we evolve into a sustainable, future-fit organisation. We are actively attracting new competencies, complemented with upskilling our employees to prepare them for anticipated shifts in the business. Training programmes and modules have been developed to enhance employee knowledge and understanding of the Group’s strategic growth drivers, customer relations, stock management, revenue expansion and regulatory requirements.

Leadership, transformation and employment equity

For Shoprite, transformation means much more than employment equity. It goes hand in hand with diversity across nationalities, gender, talent, and skills. To win in the long term, we need the right level of leadership and the right mix of diversity across all levels of the organisation.

Over the past five years, we have diversified our management team through promotions and new appointments. We are confident this team is well positioned to transform and lead the business for our future purpose. Currently, 7.25% of our top-management team is black and 1.55% are women. Since 2015, the combined black representation at management level has improved by 22% at top management level, 24% at senior management level, and 5% at middle management level.

Across the Group, progress towards our equity transformation remains a work in progress. Although our overall employee numbers are dominated by PDIs, we are actively working on improving our management and equity levels.

Quality and safety

The health and safety of our employees, customers and suppliers are our most critical risk and receive the highest level of attention from management and the Board of Directors. Our health and safety policy guides all actions in this regard. Aspects of health and safety form an integral part of induction and ongoing training throughout all operations instils a safety-oriented culture.

Investment in the integrated ERP system, training and infrastructure improvements have assisted greatly in quicker emergency response times, more awareness and fewer injuries. We have a zero-tolerance approach towards health and safety risks. Strict internal and external audits are conducted periodically and an audit regulation is required. The Department of Labour and third party service providers conduct on average more than 27,000 hygiene and fire safety audits across the Group.

During the COVID-19 period, health and safety activities were increased at all levels. All employees were covered by our COVID-19 assistance programme.

Top five outcomes

1. Fixed wages increased regulated
2. Level 3 B-BBEE score
3. R893.3 million invested in Retail Readiness since inception in FY 2017
4. 6-12 month mobile clinic deployed to stores and DCs during the COVID-19 pandemic
5. Work-related staff fatalities limited to one

Case study

Adrian Swartz – senior meat technician at Checkers

Adrian is one of our young stars and works at the Most Market Checkers in Limpopo. He was accepted into the YES apprenticeship programme in 2019. During the 12 months, he completed the Meat Processing and Production (ML3 Skills Programme and was so motivated that he also completed an additional five classroom interventions and 36 e-learning courses.

Usually, if successful, an apprentice would be appointed as a general assistant. But Adrian’s commitment and the combination of training and mentoring gave him the skills and experience to be appointed to a much higher level.

He says Shoprite gave him a wonderful opportunity and although the training was challenging in the beginning, the more he learnt about the meat industry, the more he wanted to know. When asked what he liked most about his job, he said: “We are two butchers and we take turns to do specific jobs. I don’t mind any of them but most of all, I like making steaks.”

The YES4Youth programme is a non-accredited government initiative – in partnership with corporate business – to address the high rate of youth unemployment in the country

12 months of basic retail training and workplace experience

+ 2 804 unemployed youth gained workplace experience from inception

+ Permanent employment is based on successful completion of the programme and on operational vacancies

+ Readiness since inception in FY 2017

1. Fixed wages increased regulated
2. Level 3 B-BBEE score
3. R893.3 million invested in Retail Readiness since inception in FY 2017
4. 6-12 month mobile clinic deployed to stores and DCs during the COVID-19 pandemic
5. Work-related staff fatalities limited to one
Making a difference every day
Over more than 40 years, we have developed a deep understanding of our customers, our suppliers and our communities. Their changing needs have provided the guidance for our journey to become one of the largest and most successful retail groups. Our strategy to be smarter, optimise, diversify, grow and win in the long term ultimately delivers on our promise to our customers.

We are relentlessly focused on satisfying our customers’ needs and concerns, and we judge our success by measuring ourselves on whether we have given them products that meet their needs, are affordable and in a more convenient way than our competitors. By building sustainable relationships with our customers, our suppliers and the communities in which we operate, we have built a trusted brand associated with a wide range of quality products and services across Africa.

We have expanded our strategic growth levers to include and to unlock new ways to better service our customers. We want to grow our customer base through an enhanced business that leverages information technology to create value beyond our financial performance targets. Our business optimisation and transformation projects have opened up opportunities in our supply chain and service offerings.

The Shoprite Group’s business philosophy is to give back to local economies by providing jobs, enabling access to market for small suppliers and paying taxes. We invest in community initiatives that boost food availability, empower suppliers and provide training and employment opportunities for unemployed youth.

Addressing materiality
Social licence to operate
Our social licence to operate depends on how well our business is received by our customers. The Group’s scale and buying power allow us to deliver products to customers across income groups in 15 countries and at prices they can afford.

Food quality, availability and affordability
We continue to find ways to deliver affordable and quality products. Significant investment in time, money and food safety regulation have been incorporated into product development. By developing our private label offerings, we give customers the option of our choice-grade entry-level products and our premium products in a single store.

Areas of future focus
Design a seamless customer experience
With real-time customer feedback and customer data analytics, we will be able to track customer satisfaction to improve customer engagement through increasing personalisation.

Community focus
We will continue to expand the number of community gardens we support and increase our support to household gardens through our Garden in a Bucket Programme.

Stakeholder engagement
Customers
Our customers comprise our largest stakeholder group and are the focus of everything we do. At the core of our business strategy is a customer-first culture. We interact with them every single day when they visit our stores and we engage them by conducting and monitoring surveys and by requesting and encouraging their feedback on products and services. We also connect via social media channels, call centres and suggestion boxes. Interactions include direct interviews to desk-top analyses and tracking of social media perceptions. We make sure all external brand communication aligns with our business objectives.

Primary concerns include:
- Consistent access to affordable, safe and nutritious food
- Increased focus on social and environmental impact, including rigorous quality and safety controls over product sourcing and responsible packaging solutions
- Healthy and safe shopping environment

Communities
Our communities are home to employees, customers and suppliers (but for purposes of this report, employees are discussed in the Human Capital report on page 56).

Many of our communities are characterised by high unemployment and relatively low income levels. We are aware of socio-economic circumstances and needs. We engage with them through the same channels as our customers and additionally through our corporate social investment programmes which involve meetings and consultations. We also conduct research to understand their perceptions of the Group. Our main activities emphasise food security and hunger relief.

Primary concerns include:
- Upliftment through job opportunities and the formal economy
- Assurance that they will not be exploited as community groups

Addressing material issues
COVID-19: 1.7 million food parcels distributed since 2017
2. RS4.5 million invested in our Supplier Development Investment Fund
3. Thuthuka Nathi Ventures
4. 119 community gardens of which 67 are gardens that produce for sale
5. 10 948 saving stamp agents
6. 4.2 million followers reached on social media channels

Value creation and performance
Value creation and performance
Socio-economic contribution

Many people cannot afford or access sufficient and nutritional food. In addition, unpredictable climate change-related events further disrupt food production. Our reach and contribution is determined by the salaries and taxes we pay, and the extent of our contribution to social support, upmanship and change.

As the largest value food retailer in Africa and significant employer in South Africa, we have a direct impact on people and communities from low- to middle-income groups. The Group’s corporate social investment extends beyond philanthropy and we aim to develop and support people in a sustainable way. #ActForChange is the umbrella under which we label our social investment programmes that encourage job creation, provide affordable products, fight hunger, support early childhood development, empower women and provide disaster relief for affected communities.

During the COVID-19 period, our food donations to vulnerable families and people in need as well as our soup kitchen services played a significant role in helping the most vulnerable members of society.

Economic impact

Many of the Group’s business initiatives have been designed to improve the lives of our customers on a socio-economic level; those who live in hard-to-reach areas, earn lower incomes and cannot afford the high fees associated with financial services.

Our saving stamps give customers an opportunity to save and redeem the value for products at any store seven days a week. It helps them to budget and is a trusted method of transaction. It provides income potential to women who become registered saving stamp agents, earning commission income from saving stamp sales.

We also provide business and trade opportunities to small and medium enterprises and entrepreneurs, giving them access to the Shoprite marketplaces or supply chains. During the year, we formalised our SME development fund and registered Thuthuka Nathi Investments which has a transformational and developmental focus. This investment programme will provide funding and business mentorship and has already contracted with three enterprises.

Unemployment is a huge risk for our customers and community development in general. To assist in this regard, we focus on training unemployed young people through our Retail Readiness Programme and our participation in the YES Initiative.

Building resilient communities

Throughout the Group, wherever we operate, we will continue building resilient communities. With a focus on food security, we support several food gardens, donate surplus food and have our own Mobile Soup Kitchens. We increased our support to early childhood development centres from 85 to 109 during the year.

During COVID-19, the Group’s food donations and soup kitchen services made a significant impact in vulnerable communities.

Consumer recognition awards

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Top Brands survey 2019</td>
<td>Shopping for Groceries</td>
<td>Shoprite recognised as an Icon brand (29th overall)</td>
<td>Shoprite was awarded the Kasi Star Brand and winner of the Shopping for Groceries category</td>
</tr>
</tbody>
</table>

### Tax makes a difference

It is fundamental to assist governments in their quest to address poverty by paying tax. Responsible taxation practices play an invaluable and positive role in enabling governments to budget and provide social services to their people. We contribute by paying our direct taxes and through indirect taxation where we collect taxes like VAT, pay-as-you-earn, dividend tax and UIF levies. In FY 2020, the Group contributed R8.0 billion in taxes, based on revenue of R156.9 billion, and profit before tax of R5.2 billion.

The Group is committed to transparent and ethical tax practices and we co-operated with tax authorities across our operating countries. We have a strong tax governance framework to guide timely, accurate and effective taxation compliance.

The Group:
- Avoids aggressive tax practices that increase our liability and reputational risk.
- Pays the correct amount of tax, compliant with relevant taxation laws of each jurisdiction, on time.
- Uses relevant tax incentives, such as the Employment Tax incentive scheme in South Africa for employees between the ages of 18 and 29 years (Inclusiva) who earn less than R6 500 per month. During 2020, the Group claimed R235.5 million for 24,617 employees who participated in this programme.
- Ensures that profits cannot be artificially moved between different jurisdictions through an appropriate transfer pricing policy.

The table below summarises the R8.0 billion in taxes that the Group contributed for FY 2020:

<table>
<thead>
<tr>
<th>Taxes borne</th>
<th>Taxes collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Profit taxes</td>
<td>1 902.9</td>
</tr>
<tr>
<td>Property taxes</td>
<td>68.7</td>
</tr>
<tr>
<td>Product and services taxes</td>
<td>1 378.7</td>
</tr>
<tr>
<td>Planet taxes</td>
<td>0.2</td>
</tr>
<tr>
<td>People taxes</td>
<td>285.4</td>
</tr>
<tr>
<td>Total tax contributed</td>
<td>3 635.9</td>
</tr>
</tbody>
</table>

Total tax contributed: R8 037.3
Saving to share

One of our values is saving to share. We focus relentlessly on keeping costs low and aim to be more efficient. We know where and how every rand is spent and our business and operational processes are set up to manage the use of resources by reducing waste and minimising harm to the natural environment.

Area of future focus

Managing and minimising our carbon footprint: energy (Scope 2)

As part of our commitment to minimising our carbon emissions, the Shoprite Group has signed an innovative agreement with a specialist energy trader which is the first of its kind in Africa. The Group will procure 434,000 MWh of renewable energy a year from the trader for the foreseeable future. Depending on the trader receiving the approval of the relevant regulatory authorities, this will not only reduce our carbon emissions, but also serve to provide the renewable energy sector in the country with the type of investment it needs to scale.

533 000
ICO2e Scope 1 emissions

2 million
ICO2e Scope 2 emissions

COVID-19:
Distributed R27.3 million of surplus food from our stores to 401 registered beneficiary organisations.

The Group’s impact on natural resources and our response to how we use those resources are discussed in detail in the Group’s Sustainability Report. Our approach to sustainability is based on mitigation and adaptation. Mitigation is directly linked to reducing our environmental footprint while adaptation deals with our ability to be resilient under changing conditions. We measure our outcomes and our progress against how we manage food security and sourcing, carbon, water and packaging. Therefore, the Group’s environmental efforts are focused on effectiveness and efficiencies. Shongweni has an influence on a wide range of social and environmental issues. We operate in a region with high levels of food insecurity and nutritional deficiencies that is susceptible to environmental impact from climate change and scarce resources.

The management of our business supports the management of our natural capital. We use our systems and data analytics capabilities to measure our natural impact. Sustainability dashboards track relevant metrics across the Group’s operations, allowing us to have an informed overview of sustainability and decision-making on aspects like procurement of packaging, energy and water.

Addressing material issues

Social licence to operate

We have a large store footprint with environmental impact inherent in our business. Therefore, we consider natural capital as core to our social licence to operate. Reducing the impression we leave on our environment and preserving our natural resources directly supports our strategy to build a smarter Shoprite and sustainable business in the long term. This year, we put a comprehensive sustainability strategy in place that is underpinned by our positioning: enhancing our carbon footprint.

Shongweni has an influence on a wide range of social and environmental issues. We operate in a region with high levels of food insecurity and nutritional deficiencies that is susceptible to environmental impact from climate change and scarce resources.

Food losses and waste

The Group has adopted a hierarchical and holistic approach to minimize food losses and food waste by reducing food losses along the food chain. This includes waste reduction across the entire value chain, training and awareness programmes, setting targets and reporting. Our Integrated ERP system is demonstrating improved results in our ordering systems, reducing excess and wasteful orders.

Climate change

Greenhouse gas emissions through fuel and electricity usage are the main contributors to the Group’s carbon footprint. Although we have reduced ownership of distribution centres and entered into lease agreements during the reporting period, we retained the management of the supply chain functions including property and logistics efficiencies. Our emissions reporting and activities are aligned with the goals of the Paris Agreement, South Africa’s Nationally Determined Contributions and the Carbon Disclosure Project.

Fuel

Trucks are chosen for their fuel efficiency and drivers undergo special training to keep within a ‘green band’ power range, enabling the vehicle to operate at maximum efficiency. Our refrigerated trailers are powered by solar energy, reducing costs, emissions and noise pollution. 51.9% of our refrigerated fleet uses cryogenic technology, which has a lower carbon footprint than diesel. Reverse logistics have become entrenched in managing our return trips from stores to DCs, thereby improving the efficiency of the fleet and reducing emissions.

Energy

To reduce our reliance on service providers for electricity and the additional costs for generators (used during load shedding), and our consumption of grid electricity, we have started rolling out a solar PV installation project. Eight sites have already been included which produced 3,298 MWh of renewable energy, reducing our carbon footprint.

Sustainable packaging

Packaging is a key driver of environmental degradation on land and in marine environments when it is not managed responsibly. Packaging is also a key component in protecting food and therefore, we support a circular economy approach to packaging and have put targets in place to substantially reduce our own waste generation. Most of the initiatives will have a design-for-sustainability approach to packaging based on life-cycle thinking and innovation, particularly for our own brands.

Water security

Many of our operational sites in South Africa and other African countries are in water-scarce regions. Water shortages present a risk to business continuity as we depend on a reliable supply of potable water to our stores, distribution centres and food production activities. As part of our long-term plan, we are implementing water measurement systems and supply chain risk assessments. We disclose our water security risks and opportunities on the CDP platform. Our first disclosure was in 2018 and has assisted us in understanding our water universe.

Top five outcomes

1. Reduced carbon emissions by 35,430 tCO2e by using energy efficient lighting and solar generated electricity.
2. Converted 838,668 litres of cooking oil recovered from stores.
3. Trained 2,496 employees in our sustainable seafood practices.
4. 51.9% of our fleet is fitted with solar PV panels to reduce emissions.
5. Diverted 9,400 tons of plastic from landfills and the environment by using these panels.

Areas of future focus

Saving to share

Value creation and performance

Challenges and responses

Case study

Solar PV installations generate 3MW

Directly or indirectly, climate change impacts our world which, in turn, impacts our business. As such, the Group supports the UNFCCC goal of limiting global temperature rise to below 2°C above pre-industrial levels and commits to setting science-based GHG emission reduction targets for the medium and long term. We will play our part by reducing our GHG emissions through ongoing improvement in energy management across our operations and supply chain.

During FY2020, the Group completed another three rooftop solar PV plants as part of a continued investment in renewable energy which began in 2015. These high-tech solar PV plants generate electricity which is used as a first source of energy for operations, thereby reducing our reliance on the national electricity grid.

This past year, we also fitted refrigeration trucks with solar PV panels enabling the fresh food trucks to maintain the correct temperatures without the need to keep the engine idling, which also reduces air and noise pollution when vehicles are parked.

| Eight sites have solar PV plant installed | 3,298 MWh generated in total across all current solar installations |
| + | + |
| The latest rooftop edition covers 7,552 square metres and generates 1 MW | 649 trucks have solar PV panels, generating 463 kWP |
| + | + |
| The daily solar power generated by these panels is 2,083 kWh, enough electricity to power 146 households | + |
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COVID-19 has emerged as a global pandemic impacting on the social and economic welfare of countries. The effect of COVID-19 was felt directly by Shoprite during the last four months of the Group’s 2020 reporting period when South Africa was placed under a National State of Disaster and lockdown.

During this period, lockdown regulations restricted trade in several categories within our supermarket business including furniture, general merchandise, but not foods and liquor. Food retail which represents the majority of our sales in RSA was less adversely affected. However, disruptions to regular operating conditions such as temporary store closures, as well as the requirement to introduce additional health and safety and other contingency measures to protect our employees, customers, stores, inventory and distribution infrastructure, has influenced our financial performance.

The period since March 2020 has required an extraordinary response. The Group has managed these unprecedented conditions well, demonstrating our agility and resilience. The focus throughout this time was to maintain business continuity, minimise financial losses and keep our stores open and open for our customers and employees. The foundation of our strategy has proved to be robust in enabling us to maintain operations and service customer needs. Our integrated ERP system has enabled us to track all financial and non-financial COVID-19-related costs and activities. We can report accurately on the effect and analyse trends to immediately implement changes to product supply, staffing requirements and regulatory changes in real time. All operational issues, activations and incidents are reported daily and attended to immediately.

The Group has incurred a net total spend of R327.2 million across the areas of health and safety, security, mobile clinics, personal protective equipment, temperature scanners, store and distribution centre sanitation, employee meals, communication costs and remote network access for employees. The most significant spend pertaining to R112 million paid to our employees in the form of an appreciation bonus to assist them with the difficulties we anticipated would accompany the nationwide lockdown.

The long-term direct business and indirect socio-economic ramifications will be uncertain for some time. However, the Group is confident in its strong operational capabilities and financial position to manage and withstand the impact of COVID-19.

Our response to COVID-19 included:

Employees
- Relocation of office staff to a home-operating environment: Our IT infrastructure and G-suite platform allowed us to move over 2,000 employees to a work-from-home scenario within 24 hours.
- Support for front-line employees: Our store staff are critical in providing essential products and services to customers. We implemented an employee assistance programme and paid a special bonus.
- Minimising staff-redundancy: During lockdown, we redeployed staff from liquor and furniture stores to assist in other areas of the business.
- Health assistance and screening: Mobile and stationary clinics were deployed to screen staff and refer those with risk of infection for further investigation and diagnosis. Education and training on COVID-19, hygiene and emotional reassurance regarding both COVID-19 and chronic conditions were provided. The Group and nursing staff had constant interaction with occupational medical practitioners regarding developments, legislation and best practice in patient management.

Customers and communities
- Introduced a Checkers/Shoprite customer-relief initiative: To assist communities with food and meals, customers were given the opportunity to donate towards the Solidarity Fund via the Group’s Act For Change Fund.
- Introduced virtual vouchers and bulk vouchers: Customers and employers were able to support people and families in need by purchasing vouchers that were sent via EMS to recipients who could redeem the value at any of the Shoprite, Usave or Checkers stores.
- Implemented all required safety measures across all stores: All safety measures – including the distribution of masks, sanitisers and protective shields at 18 points – were implemented prior to lockdown.
- SASSA payments: Priority entrance and till points were made available to the elderly and other vulnerable customers including grant recipients, to enable social distancing protocols and reduce queuing time.

Operational
- Expenditure tracking: All costs related to COVID-19 including HR, community, supply chain, security and store/office costs are allocated to a special cost entry to facilitate tracking and accurate record-keeping.
- Accelerating online delivery channels: The roll-out of ShopStop was brought forward to assist with the growing customer demand for home deliveries.
- Direct distribution: In certain instances (particularly within the franchise business), local suppliers delivered products directly to stores.
- Increased consultancy: Ongoing consultancy with government and regulators was undertaken to keep track and apply new regulation and health and safety measures.
- Security and loss prevention: The Group’s Loss Prevention Department worked closely with the South Africa Police Service and tactical response units to mitigate the impact of offences, of which burglaries were the most reported violation.

### Implementation highlights

- **16 March**: Donation of key-go principles reinforced, disinfection at all entrances and store entrances;
- **19 March**: Employees thanked with an appreciation bonus, R102 million in total;
- **24 March**: Mobile Soup Kitchens start serving communities during lockdown;
- **30 March**: Priority entrance and till points were made available to the elderly and other vulnerable customers including grant recipients;
- **1 April**: Mobile Soup Kitchens served 1 million meals;
- **4 April**: 3,000 mobile clinics and 3,500 distribution centres for staff;
- **5 April**: Priority entrance for healthcare and law enforcement personnel, temperature checks and mobile clinics for stores and distribution centre employees;
- **6 April**: Checkers and Usave launch virtual vouchers – contactless, sent to recipient via SMS;
- **7 April**: 10% of monthly spend to the elderly;
- **8 April**: Shoprite is the first retailer to offer contactless QR payments;
- **10 May**: The Group matched customer contributions donated to the Solidarity Fund with a further R1 million;
- **10 May**: Shoprite announced its donation of 10 million meal kits through surplus food donations and our Mobile Soup Kitchens.

### Surplus food donations

- **R27.3 million, equal to 9.1 million meals**

### Mobile Soup Kitchens served 1 million meals

- **330 100 reusable face masks**
- **424 550 face shields**
- **248 865 hand sanitisers**
- **3.6 million disposable face masks**

### Donations issued to NPOs amounted to R1.65 million

- **Shops in schools**
- **Kitchens start serving in Total**
- **Mobile Soup Kitchens**
- **Kitchens start serving in Total**
“Succession planning and management development forms a key part of the Group’s strategy to build a reliable leadership pipeline.”
Governance report

The Group is committed to high standards of corporate governance and applies principles of fairness, transparency and integrity at all levels across the business. Over the past few years, the Board has guided the Shoprite Group’s focus on increasing transparency and accountability. The Board is the custodian of corporate governance for the business and its members take collective responsibility for governing and ensuring accountability within the Group. The Board advocates strong ethics standards as the foundation for leadership accountability within the Group.

Governance approach
The Group’s governance framework aligns with its purpose and governance philosophy and is positioned to drive sustained value creation for shareholders and other key stakeholders.

Ongoing oversight of Group-wide policy and processes is performed to encourage continuous alignment of the evolving business model to changes in the operating environment and the Group’s purpose and values.

The considerable challenges associated with the onset of the COVID-19 pandemic have triggered a number of innovative responses within the business, of which Shoprite’s Board and leadership team are extremely proud.

The Group comprises multiple operating platforms and subsidiaries. The Group governance approach rests on the recognition of the separate juristic identity of its various legal entities while encouraging alignment with common governance principles, processes and practices to achieve common Group-level governance performance objectives. Those objectives include clearly demonstrating Shoprite’s performance as a responsible business and good corporate citizen and driving the achievement of positive impact and our performance against this objective is publicly reported through our communication with and reporting to our stakeholders. Our integrated reporting approach is aligned with international best practices, performance and impact reporting frameworks and guidance.

Governance structure
The Board is guided by its terms of reference, which align with King IV, the Companies Act and the JSE Listing Requirements and encourages an integrated approach to governance. By fulfilling its terms of reference, internal code of conduct, ethical considerations, and legal and regulatory requirements, the Board can ensure sustainable value creation for investors and other stakeholders.

The Board and each committee perform a range of activities on an annual basis, such as assessing Board composition, monitoring risk governance, overseeing sustainability work and recommending remuneration for approval. These activities – and the conduct that each member commits to while performing them – are set out in the Board’s terms of reference and each Committee Charter. These documents, which are reviewed annually, are aligned with King IV and with relevant legislation and regulations. They are available on the Group’s corporate website at www.shopriteholdings.co.za.

Our commitment to driving the achievement of positive impact and our performance against this objective is publicly reported through our communication with and reporting to our stakeholders. Our integrated reporting approach is aligned with international best practices, performance and impact reporting frameworks and guidance.

Ethical and value driven
The Board aims to govern with integrity and in a way that supports an ethical organisational culture, from the tone at the top through to all levels of the business. It is also committed to align all decisions and activities with the Group’s purpose and values:

- **Doing the right thing**: We are focused on a strategic intent to drive long-term share value, balancing the Group’s needs and interests and that of our key stakeholders.
- **Purpose and values page 6**: What sets us apart pages 68 to 69
- **Saving to share**: We are committed to building a sustainable business by acting on our social and environmental responsibilities and commitments.
- **Social and Natural Capital reports pages 58 to 63**: ESG 2020 Sustainability Report www.shopriteholdings.co.za
- **Developing talent**: We contribute to economic and social development through the total tax contributions generated by our businesses, supplier access and the significant employment influence we have in the countries in which we operate.
- **Social Capital report page 58**: ESG 2020 Sustainability Report www.shopriteholdings.co.za

The table below indicates the relationship between the Board of Directors and the Executive team.

### Overview of Board composition

#### Non-executive Director

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Christo Wiese</td>
<td>BA LLB DCom (hc)</td>
</tr>
<tr>
<td>Appointed in 2019</td>
<td>Chairperson of the Remuneration Committee</td>
</tr>
<tr>
<td></td>
<td>Appointed as Member of the Social and Ethics Committee</td>
</tr>
<tr>
<td></td>
<td>Appointed as member of the board of Absorcent Investment Corporation Ltd as Non-executive Director</td>
</tr>
</tbody>
</table>

#### Alternate Non-executive Director

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adv. Jacob Wiese</td>
<td>BA Bachelor of International Economics (MIAMI), LLB UCT</td>
</tr>
<tr>
<td>Appointed in 2005</td>
<td>Serves on the boards of various listed companies</td>
</tr>
<tr>
<td></td>
<td>Advocate of the High Court of South Africa</td>
</tr>
</tbody>
</table>

#### Independent Non-executive Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Experience</th>
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</thead>
<tbody>
<tr>
<td>Johan Basson</td>
<td>BCom (cum laude) CTA CA(SA)</td>
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<tr>
<td>Appointed in 2014</td>
<td>Chairperson of the Audit and Risk Committee</td>
</tr>
<tr>
<td></td>
<td>Appointed as Member of the Nomination Committee on 14 November 2019</td>
</tr>
<tr>
<td></td>
<td>Ex-partner at PricewaterhouseCoopers, retired in December 2008</td>
</tr>
<tr>
<td></td>
<td>Member of the Board and Chairperson of the Audit and Risk Committees of various unlisted companies</td>
</tr>
</tbody>
</table>

| Alice le Roux      | BCompt Hons CA(SA) |
| Appointed in 2018  | Member of the Audit and Risk Committee |
|                    | Appointed as member of the Social and Ethics Committee |
|                    | Director and shareholder of accounting firm Alix le Roux Incorporator and serves on the board of Absorcent Investment Corporation Ltd as Non-executive Director |

| Dr Anna Mokgokong | BSc, MB CHB, DCom (hc) |
| Appointed in 2012 | Appointed as Lead Independent Director of the Board on 14 November 2019 |
|                    | Chairperson of the Social and Ethics Committee |
|                    | Appointed as member of the Remuneration Committee on 14 November 2019 |
|                    | Executive Chairperson of Community Investment Holdings (Pty) Ltd and Non-executive Chairperson of Rebosis Property Fund Ltd, Jacobs Electronics Ltd, Absorcent Investment Corporation Ltd and Seriti Coal |
|                    | Holds directorships in various other public/private companies |
|                    | Appointed Honorary Consul General of Botswana in Pretoria |
|                    | Appointed as Chancellor of NWU in June 2019 |

| Joseph Rock        | BA Hons MA ACA AMP (Insead), CA(SA) |
| Appointed in 2012  | Member of the Remuneration Committee |
|                    | Appointed as Chairperson of the Remuneration Committee on 14 November 2019 |
|                    | Member of the Audit and Risk Committee |
|                    | Previously Group Executive at SABS and General Manager at Exsara Services |
|                    | Currently Head - People Experience at Absa Group Limited |
Governance report (continued)

Significant roles

The Board is responsible for corporate governance across the Group and for guiding the Group’s strategic direction. The Board has delegated authority to the Group Chief Executive Officer, Pieter Engelbrecht, to execute the business strategy and business plans.

It holds the CEO and Group Executive Management team accountable for performance through ongoing monitoring of the business performance.

Although the Board delegates certain governance responsibilities to its four Board committees, it retains collective responsibility for the Board’s performance of its role and responsibilities set out in the Board Charter.

The Group CEO is supported by the Group Executive team who manage and report on performance of the various business operations.

Joseph Brönn was appointed as Deputy CEO during the year to provide executive and leadership support to the CEO functions.

Ram Harisunker (68) is retiring as Chairperson at the forthcoming annual general meeting, having performed this function for the last 29 years.

The Board has appointed a Lead Independent Director (LID), Anna Mokgokong, to perform certain functions for the Board in line with good governance principles. This role assures and oversees a balanced and supportive Board structure, strengthens its overall independence and complements the role of the Chairperson.

The Board Chairperson, Christo Wiese, leads the Board in line with its terms of reference and co-ordinates effective performance of the Board’s functions. The Board meets regularly and operates in an environment of respectful challenge, and rigorous and honest discussion as part of performing its oversight role. Dr Wiese has signalled his intention to retire as Chairperson at the forthcoming annual general meeting, having performed this function for the last 29 years.

The Board has appointed a Lead Independent Director (LID), Anna Mokgokong, to perform certain functions for the Board in line with good governance principles. This role assures and oversees a balanced and supportive Board structure, strengthens its overall independence and complements the role of the Chairperson. Dr Mokgokong was appointed in November 2019, succeeding Shirley Zinn who resigned during the year.

Overview of the Executive team

Pieter Engelbrecht (51)

BCom(Hons) CASIA

Chief Executive Officer

Experience with the Group:
- Served as Shoprite Holdings Alternate Director and as Chief Operating Officer of Shoprite Checkers (Pty) Ltd from 2005 to 31 December 2016
- Director of Shoprite Checkers (Pty) Ltd
- Appointed as Shoprite Holdings CEO in 2017
- Appointed to the Board of Shoprite Holdings in 2017

Anton de Bruyn (49)

BCom(Hons) CASIA

Chief Financial Officer

Experience with the Group:
- Joined Shoprite Checkers in 2000
- Appointed as Shoprite Holdings CFO in July 2018
- Served on the Boards of various other Group subsidiaries
- Serves on the Social and Ethics Committee

Ram Harisunker (68)

Executive Director

Experience with the Group:
- Joined Checkers in 1989
- Appointed to the Board of Shoprite Holdings in 2002
- Director of Shoprite Checkers (Pty) Ltd and various other Group subsidiaries
- Responsible for the Group’s retail operations in Eswatini (previously Swaziland) and international sourcing

Shoprite’s Executive team comprises a group of experienced Executives that collectively have deep institutional knowledge of the Shoprite Group businesses. The Executive team is supported by a good bunch of skilled and experienced business management teams and functional heads that support business operations in key functional areas including risk, compliance, ethics, legal, health and safety, forensics and security.

Succession planning and management development forms a key part of the Group’s strategy to build a capable leadership pipeline. The Executive team ensures appropriate succession for all key executive and management positions throughout the business, to reduce any risk of business disruption or loss of momentum on execution of the business strategy if Executive and Management positions change or rotate.

Among this year’s changes in the Group Executive team is the retirement of Ram Harisunker, who celebrated a milestone tenure of 50 years in 2019.

Joseph Brönn was appointed as Deputy CEO during the year to provide executive and leadership support to the CEO functions including assuming several operational and reporting responsibilities, as well as the environmental and social functions within the Group. He is well versed in Shoprite’s business and brings specific operational knowledge and expertise to the Executive team, having played a pivotal role in numerous projects and the growth of the Group. He was instrumental in introducing forecasting and replenishment functionalities into the supermarket supply chain; assisting in the launch of the Prep platform; Sourcing; and Legal Services for Shoprite and General Manager: Statutory and General Manager: Safety, Forensics and Security.

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Governance report (continued)

Board effectiveness and performance
The Board's focus this year has been to include processes to support governance quality and Board effectiveness. Board succession planning and leadership have received attention on this year's agenda to ensure appropriate processes are in place to support the appointment of a new Chairperson and new Board member appointments going forward.

Chairperson
During the year, the Board followed a process to support nomination of a number of new, experienced and Independent Directors to serve on the Shoprite Board, including the Board Chairperson. The underlying due diligence criteria has aimed to support the establishment of a balanced Board, equipped with the combination of skills, expertise, experience and independence needed to govern effectively. An independent and specialist service provider was appointed to manage the process and source appropriate candidates. A list of potential candidates was presented to the Nominations Committee, following which nominees were shortlisted for recommendation to the Board.

Directors
The Board members also participated in a formal, independent Board appraisal process. Among the outcomes of this process is the adoption of a roadmap to guide the Board on appropriate processes for Board member and committee rotation, and for the appointment of new Board members.

The optimal size, diversity and skills required to ensure the Shoprite Group will have an appropriately balanced Board were reviewed as part of the process. A considered mix of new and long-standing members to secure both optimal capacity and Board continuity has been a key consideration in the nominations process outlined above.

Under Shoprite's Board Charter and related governance policies, Non-executive Directors are required to retire by rotation every three years but can make themselves available for re-election.

The Board assesses the Company Secretary's skills, knowledge and performance on an annual basis. The results of the Board's assessment in the current year have confirmed the Company Secretary's capacity and performance aligned with his role and responsibilities during FY 2020.

Overview of the Assurance Framework
The Group's combined assurance framework supports good corporate governance through integration of internal assurance and external assurance, underpinning the integrity of information for internal decision-making and external reporting.

Executive management
The relationship between the Executive Management team and the Board of Directors is one of trust and respect. The Board is confident in the CEO's experience and capability to lead the Group. It also recognises the CEO's strong track record of leading the Executive team to advance the Group as a future-fit organisation. He and the team have made significant strides towards fully embracing execution of an evolved business strategy focused on innovation and growth.

The Board also recognises the exemplary leadership exercised by the Group Executive team in adopting a succession planning approach that is focused on broadening its capacity and capability according to the needs of the business strategy.

Company Secretary
The Company Secretary focuses on supporting the operation of the Shoprite Holdings Board aligned with its Charter. This includes advising on adoption and implementation of governance policies to ensure compliance with governance requirements established in company law and JSE Listing Requirements and to align with evolving governance best practices. The Company Secretary retains independent advisory services per requests made by the Board, its committees and by individual Board members. He also oversees the induction of new Directors and ongoing Director development for the members of the Board.

The Board’s focus areas this year have included processes to support the mitigation of risk through strategy and executives, internal assurance, and external assurance, underpinning the integrity of information for internal decision-making and external reporting.

Statement by the Lead Independent Director
Since my appointment as Lead Independent Director earlier in the year, the Group has entered an exceptional and unusual time. As a Board, we have had to address issues raised by our shareholders with regard to remuneration policy and on the composition of the Board. We have also given consideration to the future leadership of the Board, with outgoing Chairperson Christo Wiese having played a significant role over many years.

As a Board, our goal is to support the creation of long-term value alignment with shareholder expectations, applying the principles of good corporate governance. This requires ongoing oversight of the executive team’s performance on executing the business strategy in the Group’s best interests, including throughout the intense challenges and significant uncertainties of this year.

The Board has exercised diligent leadership during the COVID-19 pandemic that has brought about the need to look at the business in a new way. I am confident we have followed sound processes in all our endeavours and the Board has very much valued the deep expertise of the CEO and Group Executive team during this time. Despite the significant unforeseen challenges faced this year, the Board and management team have worked together to maintain the Group’s solid performance history.

In line with King IV, my role as Lead Independent Director has included strengthening the independence of the Board, working alongside the Board Chairperson and the rest of the Board in the interests of maintaining a balanced Board capable of objectively and effectively discharging the governance role and responsibilities set out in its Charter.

The Board looks forward to welcoming the incoming Board Chairperson and continuing to work alongside the Executive team in delivering the refocused Group business strategy as described in this report. I am pleased to say all Board members have participated fully in an appropriate and independent process for the nomination of a new Board Chairperson. On behalf of the Board I would like to take this opportunity to thank our outgoing Chairperson, Dr Wiese, for his outstanding visionary leadership over the past years.

Dr Anna Mogokong
Lead Independent Director
Board report

Governance approach and role of the Board

In line with the Board's role as the key role of governing the Shoprite Group as set out in its Charter, the Board acknowledges its responsibility to perform its role in accordance with the highest standards of corporate governance—and aligned with achieving the good governance outcomes established in King IV—and holds itself accountable for achieving these outcomes year on year.

The Board actively pursues ethical and effective leadership in performing its governance roles and functions, including guiding the Group’s Executive team in the delivery of the Group’s strategic priorities and fully supports the Group’s strategy as explained in this report. In this context, the Board seeks to drive the strategic direction of the Group in alignment with the philosophy of sustainable value creation and believes the adopted strategy fully aligns with the Group’s core purpose to be Africa’s most accessible, affordable and innovative retailer.

Mindful of that purpose, the Board is proud to reflect on the Group’s exceptionally strong performance this year in what is the most challenging of times; both in respect of its financial and operating performance, but also in its clear demonstration of good corporate citizenship values and performance throughout the significant social and economic challenges associated with the COVID-19 pandemic with wider shareholder stakes front of mind. It is clear to the Board that achieving the outcome of good performance this year has been delivered through the strong collaborative performance of the broader ecosystem that comprises the Shoprite Group and its key stakeholders. A history of sound and proactive stakeholder engagement practices features as the heart of this success.

Board and Executive relationship

The respective roles of the Board Chairman and the Chief Executive are formalised and clearly defined with respect to their separate but interconnected leadership responsibilities. The respective roles of the Board Chairman, the Chief Executive and the Executive Leadership Team are described in detail in this report.

The Board establishes the Group’s strategic direction to achieve significant improvement in the Group’s financial and business performance. The Board has also occupied the major part of the Board’s agenda, along with consideration of the Group’s most material risks and opportunities as explained elsewhere in this report.

The Board’s work plan included evaluating business development initiatives and considering quarterly performance results alongside setting direction for management of strategic business risks and opportunities as described in this report.

The Board’s capabilities and resources—underpinning a proper application of King IV principles—are, largely contained in King IV. This includes achieving a balanced Board composition, ensuring the Board collectively has the right complement of skills and experience needed to perform its governance functions effectively, and undertaking a periodic assessment of the performance of the Board. The externally facilitated independent Board and Board Committee appraisal process was completed during the year that yielded useful information for the Board’s consideration and further development. The results of the appraisal have been shared with the Board as input to enhancement of the Board’s functions and governance processes.

In relation to succession planning matters, the Board commenced a review of the composition of the Board, including attention to diversity and transformation considerations as part of refreshing the non-executive composition of the Board. The Board also guided the process to identify suitable candidates for consideration for appointment to the Board Chairman role in FY 2021, given the current Chairman’s impending retirement.

Governance focus areas in 2021

The Board expects to retain its core focus on providing guidance to the Shoprite CEO and Executive on execution of the Group’s refreshed business strategy as described in this report, including what is relevant to the integration of the ongoing investments in information and technology across the Group’s nine strategic focus areas. Also on setting direction for management of strategic business risks and monitoring management performance in relation to risk and compliance management, particularly as the regulatory environment shows evidence of being prone to more sudden changes in the context of regulatory risk management responses in relation to the COVID-19 pandemic.

In the governance sphere, the appointment of the new Board Chairperson is expected to be accompanied by a period of refreshment of the Board functions and operations aligned with the new Board leadership priorities, and alignment of Board and Executive relationships to ensure an appropriate balance of governance authority and Executive leadership, ushering in a new period in the Shoprite Group’s governance and leadership arrangements.

Legal matters

During the year, the Group was engaged in legal proceedings relating to imposition of fines on Group businesses by regulatory authorities in prior years. These proceedings involved legal appeals conducted through the courts by the Group with assistance of legal counsel. These matters were concluded with the payment of the fines imposed by the relevant regulatory authorities, as follows:

- Fine imposed on Shoprite Investments by the National Consumer Tribunal—R1 million.
- Fine imposed on Computicks (Pty) Ltd by the Competition Commission—R20 million.

The Board is confident it has discharged its responsibilities in line with its terms of reference and applicable legal and regulatory requirements.

Summary of Board and Committee meeting attendance in 2020

<table>
<thead>
<tr>
<th>Board meetings</th>
<th>BoardChairperson</th>
<th>Lead Independent Director</th>
<th>Independent Non-executive Directors</th>
<th>Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attended</td>
<td>Maximum possible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social and Ethics Committee</td>
<td>Dr Christo Wiese</td>
<td>Shirley Zinn</td>
<td>Anna Mokgokong</td>
<td>Pieter Engelbrecht</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>** Appointed as Chairperson of the Remuneration Committee on 14 November 2019.**</td>
<td>Alice de Roux***</td>
<td>*** Appointed as member of the Social and Ethics Committee on 14 November 2019.</td>
<td>Anton de Bruyn</td>
</tr>
<tr>
<td>AGM</td>
<td></td>
<td>Jeanne Hoekman***</td>
<td>*** Appointed as Chairperson of the Remuneration Committee on 14 November 2019.</td>
<td>Ram Hartsururu</td>
</tr>
</tbody>
</table>

Note: Board meeting attendance was affected by resignations, retirements, new appointments and recessus.

* Appointed as Chairperson of the Remuneration Committee on 14 November 2019.
** Appointed as member of the Nominations Committee on 14 November 2019.
*** Appointed as Chairperson of the Remuneration Committee on 14 November 2019.
**** Resigned on 8 November 2019, effective immediately.
Committee reports

Audit and Risk Committee report

Role and responsibility

The Audit and Risk Committee is responsible for performing the statutory audit committee responsibilities contained in the Companies Act, 2008, and also for performing the various governance oversight functions. The Committee ensures that the Group’s risk management processes, its combined assurance arrangements – including oversight of the internal audit function – and oversight of the Group’s governance of information and technology function, policies and processes.

The Committee’s key areas of focus during 2020

During the year, the Committee completed its approved work plan aligned with its Charter.

Internal control framework

The Committee reviewed management reporting on internal control effectiveness, and results of internal assurance applied in that area.

Group finance functions and key finance roles

The Committee assessed the finance function and key finance roles, including for appropriate resource and capacity to function optimally. The assessment informed the Committee’s positive conclusion regarding those matters.

Risk and Compliance

The Committee provided strategic direction on further enhancing effectiveness of the Group risk and compliance management functions, including the systems, policies and processes.

Information and technology

The Committee oversees management’s implementation of Group policy and processes related to management of information and technology, on behalf of the Board, including the Group’s significant information and technology investments. The Group Executive engages with various management committees and forums to ensure appropriate management and monitoring of the information and technology risks and opportunities, and regularly reports back to the Committee.

Reporting

The Committee is responsible for oversight and approval of the Group’s interim and annual financial reports which is covered in the Committee’s report contained within the Group’s annual financial statements. It also assists the Board with governance oversight of the integrity of the Group’s wider external reporting and effectiveness of the Group’s combined assurance arrangements that support the integrity of those external reports. In that context, the Committee has reviewed the Group’s information disclosures in the 2020 Sustainability Report and the 2020 Integrated Annual Report, including assessing the consistency of the content of these reports with operational and other information available to the Committee, with reference to the 2020 annual financial statements.

Areas of future focus

- Oversight of management risk and compliance in respect of health and safety, food safety, anti-bribery and anti-corruption, competition, environmental, Protection of Personal Information and taxation compliance
- Enhanced oversight of the Group’s information security and business recovery policies and processes, in respect of governance of information and technology
- Oversight of management attention to optimisation of the combined assurance arrangements, and enhancing their effective application across the Group
- Consideration of Independent external assurance for the Group’s external reports that communicated key non-financial performance information including as reported in the Integrated Annual Report

I am satisfied the Committee has performed its responsibilities in accordance with the Charter in the year under review.

Johan Basson
Chairperson


Social and Ethics Committee report

As the Committee’s scope of oversight responsibility covers a broad spectrum of ethical, social and environmental matters, the Committee routinely receives a wide range of management reports from the management team and invites their attendance at Committee meetings as relevant to the Committee meeting agenda. Regular attendees include the Head of Corporate Relations and Communications, the Group Sustainability Manager, the Chief Human Resources Officer, and the Group Manager: Risk and Compliance.

Role and responsibility

The Social and Ethics Committee’s role is to assist the Board with oversight of social and ethical matters in relation to the Group aligned with the Group’s corporate purpose and values. The Committee guides the CEO and Executive Management team’s achievement of the Group’s business strategy and related responsible business and good citizenship objectives, through performance of its statutory responsibilities and its governance responsibilities as further described in its Board-approved Charter.

The Committee also oversees the Group’s reporting on these matters through the annual Sustainability Report, available at https://www.shopritholdings.co.za/reports.html. The Sustainability Report comprehensively reports on the Group’s material ethical, social and environmental (ESG) issues and the Executive team’s approach to management of the Group’s human, social and natural capitals.

The Committee’s key areas of focus during 2020

- Actively contributing to social and economic development, promoting equality and employment equity within the Group’s business strategy and related responsible business and good citizenship objectives, through effective performance of its responsibilities as further described in its Board-approved Charter.
- Increased focus on identification and understanding of the potential impact of climate change risk on the business strategy.
- Other highlights of the year include:
  - Further evolution of governance oversight of the Group-wide ethics management programme through adoption and implementation of a new Conflict of Interest policy.
  - Partnering initiatives with three independent black-owned SMEs, through the Group’s newly formed Thuthuka Nathi Venture (Pty) Ltd investment vehicle.

The COVID-19 pandemic introduced a new focus on the critical importance of the Group’s corporate social investment programmes, including our contributions to hunger relief in poor communities. Our response to COVID-19, recorded on the Group’s corporate website at https://www.shopritholdings.co.za/home/how-we-are-responding-to-the-coronavirus.html details the various relief initiatives that have been running during the year, not only for communities, but also for our employees and our customers.

Nominations Committee report

Role and responsibility

The Nominations Committee advises the Board on Board and Executive Management appointments and succession planning and monitors the appropriate composition of the Board and its committees. The Committee has established a formal and transparent process for nomination, election and appointment of Directors, to ensure a balanced and competent Board is established to govern the Group. In this regard, the Committee monitors the independent composition of the Board, including the Group’s policy on ensuring a diverse mix of Directors with respect to skills, race and gender. These targets are currently to achieve 15–25% female representation and 30% black representation of which 50% should be women.

Dr Anna Mokgokong
Chairperson

The COVID-19 pandemic introduced the need for heightened risk identification and risk monitoring activity – in particular, business resilience and business continuity management – as part of proper positioning of the Group’s risk response strategies to address several significant risk and compliance management challenges. No material or repeated regulatory penalties, sanctions or fines were imposed on the Group or on Board members for contraventions of, or non-compliance with, statutory obligations.

Governance report (continued)
The Committee’s focus areas for 2020

The Committee completed its approved annual work plan aligned with the Board-approved Charter.

During the year, the Committee recommended Anna Mokgokong, Johan Basson and Joseph Rock – who were nominated for re-election at the AGM after confirming their availability and once the Committee had assessed their independence.

### Areas of focus for 2021

- Conclusion of Board and Committee appointments
- Onboarding and induction of newly appointed Board members and Board Committee Chairs
- Oversight of succession planning with respect to the CEO role, and for key executive management roles across the Group
- More frequent engagement with the Executive team concerning the Group’s current and future strategy
- Review and updating of the Group’s diversity policy to further align to the updated JSE Listing Requirements

I am satisfied the Committee has performed its responsibilities in accordance with its Charter in the year under review.

### Remuneration Committee Chairperson’s report

I am pleased to present the remuneration report for 2020, which continues to reflect our commitment to enhance our remuneration policy and disclosures, especially in areas previously highlighted by our shareholders. The Group’s remuneration policy includes the remuneration policy and the implementation report for FY 2020, and is prepared in line with the Companies Act, King IV and the JSE Listing Requirements.

### Role and responsibility

The Remuneration Committee assists the Board to establish and administer a remuneration strategy aligned with the principles of fair, transparent and reasonable remuneration, legislative and regulatory requirements, and the needs of the Group. The strategy includes remuneration at all levels, including Executive Directors.

The Committee consists of three Non-executive Directors, two of whom are independent, and in FY 2020, the Committee had two meetings with full attendance, in addition, the Chief Executive Officer, Chief Financial Officer and Chief Human Resources Officer attended the meetings of the Committee by invitation and the Company Secretary acted as secretary of the Committee.

### Shareholder engagement

We have engaged meaningfully with our stakeholders over the past few years to further improve our remuneration approach and our intention is to continue these engagements on an ongoing basis.

Following the changes to our remuneration policy in 2019, we communicated with shareholders through a webinar during October 2019. The webinar covered 2019 progress in terms of remuneration policy, short-term and long-term incentive policy changes for 2020, long-term financial targets, the benchmarking process undertaken, non-executive Director proposed remuneration and future focus areas. The webinar was positively received by shareholders and subsequent feedback confirmed they were appreciative of the engagement. The remuneration policy changes as well as the proposed additional disclosures were also positively received.

At the 2019 AGM, the remuneration policy and implementation report were tabled for two separate non-binding advisory votes in line with best practice, JSE Listing Requirements and King IV. At the meeting, 80.62% of ordinary shareholders voted in favour of the remuneration policy and 79.75% voted in favour of its implementation. This marked a significant improvement over the previous year’s vote.

We look forward to ongoing engagement with our shareholders and stakeholders to ensure the Group’s remuneration approach continues to support fair, transparent and reasonable remuneration that will continue to be a strong contributing factor in our ability to drive achieving the Group’s value-creation objectives over the short, medium and long term.

### Operating environment

The COVID-19 pandemic ushered in significantly increased levels of change and uncertainty, through the many disruptions that dramatically altered the competitive landscape of the retail sector. As mentioned elsewhere in other reports, the Group’s financial and operational performance have been significantly impacted by varying economic and regulatory effects associated with the pandemic and forced the Group to make several unplanned changes to our business approach.

The Group has shown great resilience in the face of the many challenges, as we grabbed opportunities in our changing operating environment brought about by the pandemic. We are pleased to report there have been no material changes to the Group’s pay function attributable to all, full-time and part-time employees in the Group, as acknowledged of their dedication and service. This bonus amounted to R102 million.

In addition, we incurred many out-of-scope operational expenses in order to respond to new and fast-changing regulatory requirements. However, in spite of the challenges, the Group still managed to achieve most of its short-term incentive (STI) targets and will therefore be paying out a STI to most of the participants in this scheme.

### The Committee’s key areas of focus during 2020

The Committee’s activities during the year focused on completing its approved annual work plan aligned with the Board-approved Committee Charter.

Having received a positive shareholder advisory voting outcome for the new remuneration policy, the Committee’s focus this year has been on implementation of this policy, as reflected in this year’s remuneration policy implementation report set out on page 85.

In addition, the Committee’s activities during the year included:

- Keeping the Group’s remuneration policy and its implementation under ongoing review for alignment with the Group’s business objectives
- Approving annual remuneration increases across countries, including promotion-related increases
- Approving the short-term incentive bonus pool linked to achievement of Group performance targets as specified in the remuneration policy
- Recommending Non-executive Director remuneration for shareholder approval
- Monitoring wage agreement negotiations with SACCAWU
- Completing the annual review of the Committee’s Charter, including assessing it for alignment with evolving corporate governance requirements and recommended practices regarding the governance of remuneration
- Ongoing engagement with external and independent advisers on matters related to the governance of remuneration

### Remuneration policy revisions to short- and long-term incentive schemes

The Group has committed itself to maintaining higher levels of transparency and accountability with its shareholders on matters relating to its remuneration policy and associated policy changes.

We can confirm the following actions referred to in the 2019 report have been successfully implemented:

- Non-STI guidelines for senior Executives
- The deferred STI was introduced to replace the long-term incentive bonus
- The Executive share plan was introduced to replace the virtual option bonus
- While we commenced discussions with various role players on the STI criteria for the rest of the bonus pool, its implementation has been deferred to FY 2021 as part of the phasing in of the revised remuneration policy.

The following further actions will be taken during FY 2021 reporting year:

- STI criteria revisions
- The roll-out of the revised STI policy criteria will continue, on a business unit-specific, aligned with measurement criteria that will include non-financial criteria. Previously, STI criteria was based solely on the financial performance of the Group in the case of our Home Office Departments or the financial performance of individual business units (stand-alone profit centres).
- From 2021, we will introduce business unit-specific criteria that will contribute 40% towards the STI in the case of Home Office Departments and 20% in the case of other business units (i.e. operational divisions). This excludes senior Executives.
- Below is an example of type of measures that would be introduced as business unit-specific criteria in our Sustainability and Corporate Social Investment Department Home Office: Solar PV electricity generated (MWh) from our installations
- Community food gardens/Mobile Soup Kitchen Meals served
- reduction in packaging and carbon footprint
- Long-term incentive (LTI) changes
- Executive share plan (previously virtual option bonus) amendments: The Executive Share Plan will be amended and presented to the JSE and shareholders for approval. The main reason for the amendments is to relaxively realigns as good leavers, thereby removing the automatic forfeiture of their shares, in terms of the current rules, when they retire.
- In total, 2,95% employees will be affected by this change.

### Areas of future focus

The Committee intends to complete the remaining implementation changes during the coming year including:

- Continued focus on the implementation of the Group’s remuneration policy as outlined above, concentrating on establishing updated local STI policy criteria, including new non-financial criteria
- Establishing a guideline for Director use of derivative instruments for trading in the Company’s ordinary shares, for the Board’s consideration
- Continuing to enhance remuneration as required
- Continued review of the remuneration elements of retention strategies for key/executive employees

I am satisfied the Committee has performed its responsibilities in accordance with its Charter in the year under review and, in line with King IV and the JSE Listing Requirements, we shall table our current remuneration policy and implementation report as two non-binding advisory votes at the 2020 AGM to be held on 16 November 2020. We look forward to engaging with you further and implementing the changes contained in this report, with your support.

Chairperson

Joseph Rock
Remuneration report

Remuneration policy
Our remuneration policy is aligned with the Group’s HR strategy, which focuses on improving the attraction, recruitment and retention of top talent to help support the Group’s strategic drivers. It aims to ensure fairness across the organisation, taking responsibility for sustainable and regulatory-compliant remuneration. Our policy also considers the context of a globally competitive retail industry, with a focus on improving governance.

Remuneration principles

- **Attracting talent**: Attracting, motivating, retaining and rewarding employees at all levels, including key talent and critical skills.
- **Remunerating employees**: Paying equally for work of equal value, and for performance and relevant experience where appropriate.
- **Incentivising behaviour**: Encouraging and rewarding employees who create sustainable value for the Group, and all key stakeholders.
- **Rewarding performance**: Measuring Managers and Executives against key business objectives.

Remuneration design and framework

In addition to total guaranteed pay (TGP), Managers and Executives are eligible for variable pay, which includes both short- and long-term incentives linked to Group and business unit performance. These incentives encourage behaviour that supports the Group’s business objectives as defined in the performance criteria. None of the Executives have a clause in their agreements that stipulates any lump sum payments when leaving the employment of the Group.

Fair, responsible and transparent remuneration
Remuneration is one pillar of our approach to provide a holistic employee value proposition, which also considers performance and recognition, the work environment, career development and benefits. These include skills development opportunities, educational loans and bursary benefits, employee discounts, and job-specific incentives for qualifying employees, such as sales commission and 1.39th cheques.

The Group believes that fair, responsible and transparent remuneration is essential to our business success and is committed to competitive remuneration. The Committee is responsible to:
- Provide the Board with appropriate recommendations, after discussion with management, independent remuneration advisers and relevant third parties
- Apply the principle of equal pay for work of equal value within its recommendations
- Benchmark roles to balance the need for competitive and fair remuneration

Benchmarking remuneration
Remuneration is generally positioned at the market median, although it may be higher to retain scarce or critical skills. We benchmark remuneration against PwC’s Remchannel survey, with a focus on the retail industry as the benchmark for retail-specific jobs and against the general market and peer companies for executives and non-retail jobs. Occasionally, the Committee may request independent advice on benchmarking and comparing the Group against other appropriate or industry-relative companies.

Remuneration components

- **TGP**: All permanent employees receive guaranteed pay. For general and junior employees, remuneration decisions are informed by internal equity, competitiveness, affordability, skills and capabilities, non-discrimination and the broader employee offering.
- **Variable pay**: Rewards employees based on key performance criteria measured annually or quarterly.

<table>
<thead>
<tr>
<th>TGP</th>
<th>Variable pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>TGP</td>
<td></td>
</tr>
<tr>
<td>STI</td>
<td>Deferred short-term incentive (DISTI) deferred cash or, for employees in South Africa, equity</td>
</tr>
<tr>
<td>DISTI</td>
<td>Deferred short-term incentive (DISTI) deferred cash or, for employees in South Africa, equity</td>
</tr>
<tr>
<td>ESP</td>
<td>Long-term incentive: Executive share plan (ESP) deferred equity</td>
</tr>
</tbody>
</table>

Remuneration eligibility
Eligibility varies depending on seniority, role, legislation and union membership status.

<table>
<thead>
<tr>
<th>Level</th>
<th>TGP</th>
<th>STI</th>
<th>DISTI</th>
<th>ESP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divisional/general management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees outside bargaining units</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees within bargaining units</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
- In South Africa |
- Outside South Africa |

Remuneration eligibility
Eligibility within the Group remuneration framework.

- **Executive share plan**
- **Deferred equity**

Bargaining unit participation
Collective bargaining agreements with recognised unions for specific periods of time are in place.

Wage negotiations were successfully concluded with SACCAWU during March 2020 and a one-year agreement was signed.
Remuneration report (continued)

Variable cash: Management and executives, including the CEO and CFO short-term incentive: cash bonuses

<table>
<thead>
<tr>
<th>Objective</th>
<th>Link to remuneration strategy</th>
<th>Policy</th>
<th>Measurement period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards employees based on key performance criteria measured annually or quarterly.</td>
<td>Rewards employees for short-term performance in key metrics.</td>
<td>Depends on trading profit and, for senior executives, five other metrics. Bonus pool lies between 80% and 120% of trading profit target. If trading profit is less than 80% of target, a bonus is paid based on specific Group/ business unit criteria.</td>
<td>Annual or quarterly</td>
</tr>
</tbody>
</table>

The total bonus pool and allocations for each participating employee is measured against achieving the Group level trading profit.

Bonus criteria

Senior Executives: Rewards employees based on key performance criteria measured annually or quarterly. Rest of management – the STI is calculated with reference to trading profit target.

Bonus criteria

For senior executives the following criteria is used to determine their STI. Targets are based on a threshold, on-target, stretch principle.

Short-term financial targets:
- Trading profit
- Trading margin
- EBITDA margin
- Sales growth
- Food stock turn
- Non-food stock turn

Threshold:

- Less than 70% of target: No bonus paid
- More than 70% of target but less than Group achievement on business/divisional level: Bonus pool adjusted lower
- Participants may earn a portion of their on-target bonus based on operational or business unit specific criteria determined at the beginning of the financial year.

Objective

Retains Executives and senior Managers, and ensures continuity.

Policy

Employees eligible for performance shares (based on average three-year performance of these metrics), for retention shares (if they remain within the company) and for co-investment shares (if they purchase Shoprite Holdings shares).

Measurement period

Full vesting after three years

Long-term financial targets for the next three years from 2020 linked to remuneration incentives include performance measures on return on invested capital and growth in headline earnings per share.

Variable cash: Middle management and executives deferred short-term incentive (DISTI)

As the value is based on the short-term incentive, it reinforces the motivation for managers to achieve the performance criteria while encouraging them to remain with the Group. This incentive therefore aims to also improve retention. This incentive is awarded based on the same criteria as applied when awarding the short-term incentive and awarded in deferred cash or shares (referred to as retention shares). These shares cannot be traded but carry dividend and voting rights. The value of the shares, on which participants must pay tax, is transferred to the employee after the beginning of the financial year.

Objective

Aims to ensure the retention of mid-level managers in terms of leadership, continuity of skills and experience.

Policy

Employees eligible every year, based on STI criteria, for awards in deferred cash or shares.

Measurement period

Full vesting after three years

Deferred equity: Executives and senior managers long-term incentive: executive share plan (ESP)

The Executive share plan, which was approved by the JSE and shareholders in 2012, aims to retain key senior employees to ensure continuity. This incentive, previously known as the virtual option bonus, applied to approximately 290 Executives and senior managers in FY 2020. Values approved as at 1 July 2019 have been converted into ordinary shares under the rules of the scheme approved by shareholders.

Long-term financial targets for the next three years from 2020 linked to remuneration incentives include performance measures on return on invested capital and growth in headline earnings per share.

Qualifying participants receive three types of shares:

- Performance shares: If less than 80% of the targets are achieved, no performance shares are awarded.
- Retention shares: Awarded automatically if the participant remains at the Group for the full three years.
- Co-investment shares: The Group will match the purchase, up to 15% of the Executive share plan value per year, of Shoprite Holdings shares by participants (optional). The Group may assist with financing options for participants wishing to purchase co-investment shares.

Objective

Rewards employees based on key performance criteria measured annually or quarterly. Depending on trading profit and, for senior executives, five other metrics. Bonus pool lies between 80% and 120% of trading profit target. If trading profit is less than 80% of target, a bonus is paid based on specific Group/ business unit criteria.

Policy

Employees eligible for performance shares (based on average three-year performance of these metrics), for retention shares (if they remain within the company) and for co-investment shares (if they purchase Shoprite Holdings shares).

Measurement period

Full vesting after three years

Proposed share mix and awards for executive share plan:

CEO: 100% of total guaranteed pay
Senior Executives: 70% of total guaranteed pay
Divisional and General Managers: 50% of total guaranteed pay
Senior Managers: 20% to 49% of total guaranteed pay

As with other incentive plans, performance criteria are set for the Group to achieve or exceed specific performance criteria. These criteria are determined by the Group and may be adjusted annually.

The Executive share plan, which was approved by the JSE and shareholders in 2012, aims to retain key senior employees to ensure continuity. This incentive, previously known as the virtual option bonus, applied to approximately 290 Executives and senior managers in FY 2020. Values approved as at 1 July 2019 have been converted into ordinary shares under the rules of the scheme approved by shareholders.

Long-term financial targets for the next three years from 2020 linked to remuneration incentives include performance measures on return on invested capital and growth in headline earnings per share.
Remuneration report (continued)

Pay mix for Executive Directors

<table>
<thead>
<tr>
<th>CEO pay mix scenario</th>
<th>CFO pay mix scenario</th>
<th>Executive Director pay mix scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>On-target</td>
<td>Stretch</td>
</tr>
<tr>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>5 142</td>
<td>9 530</td>
<td>9 565</td>
</tr>
<tr>
<td>5 207</td>
<td>9 955</td>
<td>5 142</td>
</tr>
<tr>
<td>6 207</td>
<td>6 375</td>
<td>4 605</td>
</tr>
</tbody>
</table>

The CEO’s performance agreement was amended to align the performance criteria relating to his short- and long-term incentives to the same

Provisions for termination of employment

<table>
<thead>
<tr>
<th>Base salary</th>
<th>Benefits</th>
<th>STI</th>
<th>DSTI</th>
<th>LTI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterinary retirement</td>
<td>Paid over the notice period or as a lump sum</td>
<td>May be provided during the notice period (as applicable)</td>
<td>No payment</td>
<td>No payment or vesting</td>
</tr>
<tr>
<td>Occupational terms for cause or early retirement</td>
<td>No payment</td>
<td>Benefits stop when employment ends</td>
<td>No payment</td>
<td>No payment or vesting</td>
</tr>
<tr>
<td>Normal retirement or death</td>
<td>Paid for a defined period based on cause and local policy as executives have different employment companies</td>
<td>Benefits stop when employment ends</td>
<td>Payment made pro rata</td>
<td>Awards vest or payments made</td>
</tr>
<tr>
<td>Mutual separation</td>
<td>Paid over the notice period or as a lump sum</td>
<td>May be provided during the notice period (as applicable)</td>
<td>Depends on agreement</td>
<td>Depends on agreement</td>
</tr>
</tbody>
</table>

The Group’s policy relating to malus and claw-back applies to all recipients of short- and long-term incentive awards.

Statement on malus and claw-back

The Group’s policy relating to malus and claw-back applies to all recipients of short- and long-term incentive awards.

Remuneration for Non-executive Directors

Independent Non-executive Directors receive a retainer for the time required to prepare for and attend meetings. These Directors do not have employment contracts with the Group. However, the Group pays for travel and accommodation-expenses incurred to attend meetings. Based on independent benchmark reports regarding Non-executive Directors’ fees, the Group started a process that will incrementally adjust Non-executive Directors’ fees. In 2019, the Group proposed to move these fees close to the median of the benchmark. This was not fully achieved in the 2019 fees proposed for the Chairperson of the Board as well as the lead Independent Director. Accordingly, the 2020 above-average adjustment proposed for these two roles continues the process of moving fees to the median of the benchmark. A special resolution of the 2020 AGM will propose the approval for the next tranche of increases. Subject to approval, these fees which exclude VAT, will be paid retrospectively for the period from 1 November 2019 to 31 October 2020.

The proposed Non-executive Director remuneration fees are summarised as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson*</td>
<td>R1 353 000</td>
<td>R1 209 000</td>
<td>27</td>
</tr>
<tr>
<td>Lead Independent Director**</td>
<td>R1 065 000</td>
<td>R64 000</td>
<td>66</td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>R470 000</td>
<td>R445 000</td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>R34 000</td>
<td>R16 000</td>
<td>6</td>
</tr>
<tr>
<td>Member</td>
<td>R16 000</td>
<td>R16 000</td>
<td></td>
</tr>
<tr>
<td>Remuneration Committee Chairperson**</td>
<td>R203 500</td>
<td>R193 000</td>
<td>5</td>
</tr>
<tr>
<td>Member</td>
<td>R97 000</td>
<td>R92 000</td>
<td>5</td>
</tr>
<tr>
<td>Nominations Committee Chairperson</td>
<td>R203 500</td>
<td>R193 000</td>
<td>5</td>
</tr>
<tr>
<td>Member</td>
<td>R97 000</td>
<td>R92 000</td>
<td>5</td>
</tr>
<tr>
<td>Social and Ethics Committee Chairperson</td>
<td>R203 500</td>
<td>R193 000</td>
<td>5</td>
</tr>
<tr>
<td>Member</td>
<td>R97 000</td>
<td>R92 000</td>
<td>5</td>
</tr>
</tbody>
</table>

* The Group pays the Chairperson’s fees to Grene Properties (Pty) Ltd, a company related to him. The median remuneration for the Board Chairperson at comparator companies is R1 332 762 (PwC Shoprite Holdings Ltd: INEC remuneration benchmark, which was conducted in July 2020). ** The median remuneration at comparator companies is R1 011 000 (PwC Shoprite Holdings Ltd: Non-executive Directors remuneration benchmark, June 2019). Going forward – shareholder engagement and voting procedures

The Group will table this year’s remuneration policy together with the implementation report for two separate, non-binding advisory votes by shareholders at the 2020 AGM, in line with best practice, King IV and the JSE Listing Requirements. If 25% or more of ordinary shareholders vote against either or both the policy and report, the Committee will engage shareholders to understand and address their concerns. The SENS announcement on the results of the AGM will include an invitation for shareholders to engage on the reasons for their dissent. The Committee will respond and provide feedback on shareholders’ questions and/or concerns. Following this engagement, the Committee may amend aspects of the remuneration policy.

Implementation of policy

The Remuneration Committee has oversight of the remuneration policy and its implementation. This implementation report outlines how the remuneration policy was applied during FY 2020:

Executive, Non-executive and Alternate Directors. The Committee and the Board are satisfied with the implementation of the policy during FY 2020. No policy exceptions were requested during the reporting period.

Average growth in executive and employee remuneration

The Group comprises many subsidiaries operating in different markets, resulting in a large range of average remuneration increases primarily due to differences in roles and inflation.

The table below shows organisational performance for 2020 and the average increase in guaranteed executive pay. Executives who were promoted received an average increase of 14.1%. The Committee approved an average increase of 5.4% for management across the Group, excluding promotions- and market-related adjustments. Across countries, increases varied based on inflation and sales performance. An inflation-linked increase was approved for all employees across the Group. Unions/employees in South Africa received an average annual bargaining unit increase of 8.3%.

Pay mix for Executive Directors

Average growth in executive guaranteed pay and organisational performance

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in basic headline earnings per share</td>
<td>8.3 (19.6)</td>
<td>5.2 (13.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in trading profit</td>
<td>(2.7) (14.3)</td>
<td>(1.4) (11.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in turnover</td>
<td>6.4 (3.6)</td>
<td>3.1 (8.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR in dividends per share</td>
<td>20.1 (34.1)</td>
<td>(4.3) (11.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in EBITDA</td>
<td>0.3 (5.2)</td>
<td>1.0 (6.8)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As all newly appointed employees in the bargaining unit are appointed according to the minimum salaries specified by the Government’s Sectoral Determination for the Wholesale and Retail Industry, the above negotiated increases will result in an overall increase of 8.3%.

The Group aims to structure its remuneration for executives on average at the median of the market, depending on years of experience and individual performance. In benchmarking Executives against the market data, it was necessary to make certain above-average increases to result in an average increase of 5.5%.

Variable pay and other remuneration outcomes for 2020

The following are profiles of our three Executive Directors regarding their short- and long-term incentive outcomes in the FY 2020. Short-term incentives were linked to trading profit, which measured R8.171 billion in 2020, or 99% of the target. Long-term incentive awards were granted based on retrospective performance conditions based on King IV recommended practices. Also included in the profiles are their long-term incentive grants and accepted during the year, their indicative value at year end and the cash value of awards settled during the year.
### Remuneration report (continued)

#### Pieter Engelbrecht
Chief Executive Officer

<table>
<thead>
<tr>
<th>Total remuneration</th>
<th>2020 (R’000)</th>
<th>2019 (R’000)</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed package</td>
<td>16 871</td>
<td>16 835</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>16 121</td>
<td>16 130</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>231</td>
<td>214</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>519</td>
<td>491</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>Short-term incentive</td>
<td>7 468</td>
<td>4 436</td>
<td>72.4</td>
<td></td>
</tr>
<tr>
<td>Long-term incentive</td>
<td>4 188</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28 707</strong></td>
<td><strong>21 271</strong></td>
<td><strong>35.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Other remuneration, including unvested awards**

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>24 October 2017</th>
<th>5 September 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of instruments awarded</td>
<td>50 873</td>
<td>132 752</td>
</tr>
<tr>
<td>Price on grant (if shares) (R)</td>
<td>208.08</td>
<td>115.50</td>
</tr>
<tr>
<td>Total fair value on grant (R)</td>
<td>10 325 740</td>
<td>15 322 442</td>
</tr>
</tbody>
</table>

**STI outcomes**

<table>
<thead>
<tr>
<th>STI earning potential (% of total guaranteed pay)</th>
<th>Actual STI for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>On target</td>
</tr>
<tr>
<td>Nil</td>
<td>R’000</td>
</tr>
<tr>
<td>% of TGP</td>
<td>50.1</td>
</tr>
<tr>
<td>Value granted</td>
<td>Value to be settled</td>
</tr>
<tr>
<td>R’000</td>
<td>% of TGP</td>
</tr>
<tr>
<td>In cash</td>
<td>7 648</td>
</tr>
<tr>
<td>In shares</td>
<td>45.3</td>
</tr>
<tr>
<td>4 188</td>
<td>24.8</td>
</tr>
</tbody>
</table>

**LTI outcomes**

<table>
<thead>
<tr>
<th>Value granted</th>
<th>Value to be settled</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’000</td>
<td>% of TGP</td>
</tr>
<tr>
<td>In cash</td>
<td>2 018</td>
</tr>
<tr>
<td>In shares</td>
<td>46.4</td>
</tr>
</tbody>
</table>


#### Anton de Bruyn
Chief Financial Officer

<table>
<thead>
<tr>
<th>Total remuneration</th>
<th>2020 (R’000)</th>
<th>2019 (R’000)</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed package</td>
<td>4 352</td>
<td>3 617</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>3 758</td>
<td>3 123</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>249</td>
<td>207</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>345</td>
<td>287</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Short-term incentive</td>
<td>2 018</td>
<td>1 161</td>
<td>73.8</td>
<td></td>
</tr>
<tr>
<td>Long-term incentive</td>
<td>892</td>
<td>1 960</td>
<td>(54.5)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7 262</strong></td>
<td><strong>6 738</strong></td>
<td><strong>7.8</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Other remuneration, including unvested awards**

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>24 October 2017</th>
<th>5 September 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of instruments awarded</td>
<td>6 983</td>
<td>13 990</td>
</tr>
<tr>
<td>Price on grant (if shares) (R)</td>
<td>208.08</td>
<td>132.39</td>
</tr>
<tr>
<td>Total fair value on grant (R)</td>
<td>1 403 209</td>
<td>1 357 902</td>
</tr>
</tbody>
</table>

**STI outcomes**

<table>
<thead>
<tr>
<th>STI earning potential (% of total guaranteed pay)</th>
<th>Actual STI for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>On target</td>
</tr>
<tr>
<td>Nil</td>
<td>R’000</td>
</tr>
<tr>
<td>% of TGP</td>
<td>53.5</td>
</tr>
<tr>
<td>Value granted</td>
<td>Value to be settled</td>
</tr>
<tr>
<td>R’000</td>
<td>% of TGP</td>
</tr>
<tr>
<td>In cash</td>
<td>892</td>
</tr>
<tr>
<td>In shares</td>
<td>20.5</td>
</tr>
</tbody>
</table>

1 Awards were settled on 21 September 2019 at a share price of R127.82.
Remuneration report (continued)

Ram Harisunker
Divisional Manager

Total remuneration

<table>
<thead>
<tr>
<th></th>
<th>2020 (R'000)</th>
<th>2019 (R'000)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed package</td>
<td>4 542</td>
<td>4 322</td>
<td>5.0</td>
</tr>
<tr>
<td>Salary</td>
<td>4 033</td>
<td>3 794</td>
<td>6.3</td>
</tr>
<tr>
<td>Benefits</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>509</td>
<td>528</td>
<td>(3.6)</td>
</tr>
<tr>
<td>Short-term incentive</td>
<td>2 083</td>
<td>1 402</td>
<td>48.6</td>
</tr>
<tr>
<td>Long-term incentive</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>6 825</td>
<td>5 724</td>
<td>15.7</td>
</tr>
</tbody>
</table>

STI outcomes

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership/role</th>
<th>2020 (R'000)</th>
<th>2019 (R'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christo Wiese</td>
<td>No, Chairperson</td>
<td>4 033</td>
<td>3 794</td>
</tr>
<tr>
<td>Johan Basson</td>
<td>Yes, Director</td>
<td>445 000</td>
<td>316 000</td>
</tr>
<tr>
<td>Anna Mokgokong</td>
<td>Yes, Director</td>
<td>445 000</td>
<td>176 917</td>
</tr>
<tr>
<td>Joseph Rock</td>
<td>Yes, Director</td>
<td>445 000</td>
<td>38 333</td>
</tr>
<tr>
<td>Alice le Roux</td>
<td>Yes, Director</td>
<td>445 000</td>
<td>106 667</td>
</tr>
<tr>
<td>Edward Kieswetter</td>
<td>N/A, Lead Director</td>
<td>445 000</td>
<td>38 333</td>
</tr>
<tr>
<td>Jimmy Fouché</td>
<td>N/A, Director</td>
<td>445 000</td>
<td>106 667</td>
</tr>
<tr>
<td>Shirley Zinn</td>
<td>N/A, Director</td>
<td>445 000</td>
<td>106 667</td>
</tr>
</tbody>
</table>

Non-executive Director remuneration and composition

The table below sets out the fees paid to Non-executive Directors, excluding VAT, for the period from 1 November 2018 to 31 October 2019.

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership/role</th>
<th>Total fees paid (R'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christo Wiese</td>
<td>No, Chairperson</td>
<td>1 208 000</td>
</tr>
<tr>
<td>Johan Basson</td>
<td>Yes, Director</td>
<td>1 240 000</td>
</tr>
<tr>
<td>Anna Mokgokong</td>
<td>Yes, Director</td>
<td>1 211 000</td>
</tr>
<tr>
<td>Joseph Rock</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Alice Le Roux</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Edward Kieswetter</td>
<td>N/A, Lead Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Jimmy Fouché</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Shirley Zinn</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
</tbody>
</table>

LTI outcomes

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership/role</th>
<th>Total fees paid (R'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christo Wiese</td>
<td>No, Chairperson</td>
<td>1 208 000</td>
</tr>
<tr>
<td>Johan Basson</td>
<td>Yes, Director</td>
<td>1 240 000</td>
</tr>
<tr>
<td>Anna Mokgokong</td>
<td>Yes, Director</td>
<td>1 211 000</td>
</tr>
<tr>
<td>Joseph Rock</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Alice Le Roux</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Edward Kieswetter</td>
<td>N/A, Lead Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Jimmy Fouché</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Shirley Zinn</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
</tbody>
</table>

STI outcomes

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership/role</th>
<th>Total fees paid (R'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christo Wiese</td>
<td>No, Chairperson</td>
<td>1 208 000</td>
</tr>
<tr>
<td>Johan Basson</td>
<td>Yes, Director</td>
<td>1 240 000</td>
</tr>
<tr>
<td>Anna Mokgokong</td>
<td>Yes, Director</td>
<td>1 211 000</td>
</tr>
<tr>
<td>Joseph Rock</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Alice Le Roux</td>
<td>Yes, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Edward Kieswetter</td>
<td>N/A, Lead Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Jimmy Fouché</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
<tr>
<td>Shirley Zinn</td>
<td>N/A, Director</td>
<td>1 200 000</td>
</tr>
</tbody>
</table>
“The Board advocates strong ethics standards as the foundation for leadership accountability within the Group.”
Shareholders analysis
Shoprite Holdings Ltd as at 28 June 2020

Shareholder spread

<table>
<thead>
<tr>
<th>No. of Shareholdings</th>
<th>%</th>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–1 000 shares</td>
<td>41 668</td>
<td>84.11</td>
<td>10 422 329</td>
</tr>
<tr>
<td>1 001–10 000 shares</td>
<td>6 386</td>
<td>12.89</td>
<td>17 070 627</td>
</tr>
<tr>
<td>10 001–100 000 shares</td>
<td>1 073</td>
<td>2.17</td>
<td>35 850 419</td>
</tr>
<tr>
<td>Over 100 001 shares</td>
<td>337</td>
<td>0.68</td>
<td>105 832 975</td>
</tr>
<tr>
<td>Totals</td>
<td>49 540</td>
<td>100.00</td>
<td>591 338 502</td>
</tr>
</tbody>
</table>

Distribution of shareholders

<table>
<thead>
<tr>
<th>No. of Shareholdings</th>
<th>%</th>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks/brokers</td>
<td>274</td>
<td>0.55</td>
<td>184 069 812</td>
</tr>
<tr>
<td>Close corporations</td>
<td>312</td>
<td>0.63</td>
<td>1 084 339</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>277</td>
<td>0.56</td>
<td>2 714 037</td>
</tr>
<tr>
<td>Individuals</td>
<td>40 215</td>
<td>81.18</td>
<td>24 207 728</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>214</td>
<td>0.43</td>
<td>28 462 016</td>
</tr>
<tr>
<td>Investment companies</td>
<td>11</td>
<td>0.02</td>
<td>3 555 906</td>
</tr>
<tr>
<td>Medical schemes</td>
<td>43</td>
<td>0.09</td>
<td>798 255</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>544</td>
<td>1.10</td>
<td>74 905 834</td>
</tr>
<tr>
<td>Other corporations</td>
<td>250</td>
<td>0.50</td>
<td>3 312 886</td>
</tr>
<tr>
<td>Private companies</td>
<td>1 599</td>
<td>2.22</td>
<td>111 060</td>
</tr>
<tr>
<td>Retirement funds</td>
<td>650</td>
<td>1.31</td>
<td>135 589 075</td>
</tr>
<tr>
<td>Sovereign wealth funds</td>
<td>13</td>
<td>0.03</td>
<td>9 657 401</td>
</tr>
<tr>
<td>Trusts</td>
<td>5 619</td>
<td>11.34</td>
<td>13 561 489</td>
</tr>
<tr>
<td>Totals</td>
<td>49 540</td>
<td>100.00</td>
<td>591 338 502</td>
</tr>
</tbody>
</table>

Public/non-public shareholders

<table>
<thead>
<tr>
<th>No. of Shareholdings</th>
<th>%</th>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors of the company</td>
<td>21</td>
<td>0.40</td>
<td>64 407 742</td>
</tr>
<tr>
<td>Shares held for benefit of participants to equity settled share based payments arrangements*</td>
<td>1</td>
<td>0.00</td>
<td>2 973 209</td>
</tr>
<tr>
<td>Strategic holding more than 10%</td>
<td>1</td>
<td>0.00</td>
<td>61 632 861</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>4</td>
<td>0.01</td>
<td>35 436 572</td>
</tr>
<tr>
<td>Public shareholders</td>
<td>49 513</td>
<td>99.55</td>
<td>462 894 118</td>
</tr>
<tr>
<td>Totals</td>
<td>49 540</td>
<td>100.00</td>
<td>591 338 502</td>
</tr>
</tbody>
</table>

Beneficial shareholders

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Employees Pension Fund</td>
<td>84 556 613</td>
</tr>
<tr>
<td>Wesco, CH</td>
<td>63 110 920</td>
</tr>
<tr>
<td>Shoprite Checkers (Pty) Ltd</td>
<td>35 436 572</td>
</tr>
<tr>
<td>T. Rowe Price</td>
<td>27 138 444</td>
</tr>
<tr>
<td>Coronation Fund Managers</td>
<td>26 765 159</td>
</tr>
<tr>
<td>Old Mutual</td>
<td>26 397 879</td>
</tr>
<tr>
<td>Vanguard</td>
<td>17 923 899</td>
</tr>
<tr>
<td>GIC Private Limited</td>
<td>12 887 161</td>
</tr>
<tr>
<td>BlackRock</td>
<td>10 496 616</td>
</tr>
<tr>
<td>Le Roux, JF</td>
<td>9 031 737</td>
</tr>
<tr>
<td>Lazart</td>
<td>8 786 500</td>
</tr>
<tr>
<td>Santam</td>
<td>8 727 819</td>
</tr>
<tr>
<td>Namibian Government Institutions Pension Fund</td>
<td>6 320 441</td>
</tr>
<tr>
<td>People’s Bank of China</td>
<td>6 024 577</td>
</tr>
<tr>
<td>Eskom Pension and Provident Fund</td>
<td>5 987 734</td>
</tr>
<tr>
<td>Totals</td>
<td>349 588 541</td>
</tr>
</tbody>
</table>

Publications

* Excludes shares held by Directors in Shoprite Holdings Ltd Executive Share Plan.

Beneficial shareholders holding 1% or more

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>13.7%</td>
</tr>
<tr>
<td>China</td>
<td>2.8%</td>
</tr>
<tr>
<td>USA</td>
<td>20.4%</td>
</tr>
<tr>
<td>South Africa</td>
<td>68.1%</td>
</tr>
</tbody>
</table>

Foreign beneficial shareholders

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>7.7%</td>
</tr>
<tr>
<td>USA</td>
<td>56.6%</td>
</tr>
<tr>
<td>China</td>
<td>2.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other*</td>
<td>12.8%</td>
</tr>
</tbody>
</table>
Notice to Shoprite Holdings shareholders: Annual General Meeting (“AGM”)

3. Electronic participation
3.1 Shoprite Holdings has retained the services of the Transfer Secretaries – being Computershare – to host the AGM on an interactive website in order to facilitate electronic participation and voting by Shareholders. The online Shareholder Meeting Guide contains detailed information in this regard and is available on the Computershare website.

3.2 Any Shareholder (or a representative or proxy for a Shareholder) who wishes to participate in and/or vote at the AGM by way of electronic participation, must either:

- register online via the AGM website at www.shoprite.co.za, to participate at the AGM;

- contact Computershare by sending an email to proxy@computershare.co.za by no later than 12:00 on Thursday, 12 November 2020, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the AGM by means of electronic participation. Shareholders may still register/pay to participate in and/or vote electronically at the AGM after this date; provided, however, that those Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM.

All Shareholders are entitled to attend and participate via the use of the electronic platform.

3.3 The cost of electronic participation in the AGM is for the expense of the Shareholder so participating and will be billed to the Shareholder. The Shareholder acknowledges that they will have no claim against the Company for any direct or indirect damages, or for consequential damages or otherwise, arising from the use of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder or anyone else. In particular, but not exclusively, each Shareholder participating in the AGM acknowledges that they will have no claim against the Company, the Directors or any employees or representatives of the Company for any direct or indirect damages, or for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder who participates or wishes to participate via the electronic services to the AGM.

3.4 Each Shareholder – by participation in the AGM – acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder or anyone else. In particular, but not exclusively, each Shareholder participating in the AGM acknowledges that they will have no claim against the Company, the Directors or any employees or representatives of the Company for any direct or indirect damages, or for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder who participates or wishes to participate via the electronic services to the AGM.

4. Who may attend and vote?
4.1 Shareholders who hold dematerialised shares which are registered in your name or if you are the registered holder of certificated shares:

- you may participate in and/or vote at the AGM by way of electronic participation in the manner described in this notice;

- alternatively, you may appoint a proxy to represent you and, on your behalf, participate in, speak and vote at the AGM by way of electronic participation in the manner described in this notice by making the appointment as set out below to be received not later than 9:15 (South African time) on Friday, 13 November 2020. However, Shareholders are entitled to deliver voting proxies to the Chairman of the AGM at any time prior to the vote. A proxy need not be a Shareholder of the Company.

4.2 Forms of proxy to be delivered to one of these addresses: South African Transfer Secretaries Computershare Investor Services (Proprietary) Ltd Rosebank Towers, 151 Bowfield Avenue, Rosebank, 2196 South Africa Private Bag X9003, Sandton, 2196 South Africa Facsimile: +27 (0)11 688 5248 E-mail: proxy@computershare.co.za

The Company Secretary
C/William Dabbs Street and Old Paarl Road PO Box 215, Brackenfell, 7560 South Africa Email: csec@shoprite.co.za

4.3 If you are a beneficial Shareholder, but not a registered Shareholder as at the record date and

- wish to participate in the AGM, you must obtain the necessary letter of representation from your CSDP or broker to represent the registered Shareholder;

- do not wish to attend the AGM but would like your vote to be recorded at the AGM, you should contact your CSDP or broker and furnish them with written instructions;

- you must not complete the attached form of proxy.

4.4 In terms of section 63(1) of the Companies Act, any person participating in the AGM must present reasonably satisfactory identification and the person communicating with the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a representative or proxy for a Shareholder) has been reasonably verified. Shareholders of the Company who wish to participate in the AGM electronically should provide such identification when making application to so participate.

4.5 The record date for purposes of determining which Shareholders are entitled to receive this notice is determined in terms of section 59(1)(j) of the Companies Act being Friday, 9 October 2020. The notice will be distributed to Shareholders on Friday, 16 October 2020.

4.6 The date on which Shareholders must be recorded as such in the register maintained by the Transfer Secretaries of the Company for purposes of being entitled to attend and vote at the AGM is determined in terms of section 59(1)(b) of the Companies Act being Friday, 6 November 2020 (voting record date). The last day to trade for purposes of being entitled to attend and vote at the AGM is being Tuesday, 3 November 2020.

4.7 Votes at the AGM on all resolutions will be conducted by way of a poll. Every Shareholder present or represented by proxy shall have one (1) vote for every Shoprite Holdings Share held in the Shareholder’s name.

4.8 If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.
Notice to Shoprite Holdings shareholders:
Annual General Meeting (“AGM”) (continued)

5. Integrated Annual Report
A copy of the Company’s Integrated Annual Report for the year ended 28 June 2020 and the reports of the Directors and independent auditors are delivered herewith.

6. Purpose of the AGM
The purpose of the AGM is to:
- present the audited financial statements for the year ended 28 June 2020, the report of the Directors and the report of the independent registered auditors thereon;
- present the reports of the Audit and Risk as well as the Social and Ethics committees;
- consider any matters raised by Shareholders; and
- consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

7. The following resolutions will be considered at the AGM, and, if deemed fit, passed with or without modification:

7.1 Ordinary resolution number 1: Annual financial statements
"Resolved that the summarised annual financial statements of the Company and the Group for the year ended 28 June 2020, including the reports of the Directors and independent auditors be and are hereby approved.

For ordinary resolution number 1 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.2 Ordinary resolution number 2: Re-appointment of auditors
"Resolved that PricewaterhouseCoopers Inc. (PwC) be re-appointed as the independent auditors of the Company for the period until the next Annual General Meeting of the Company (noting that Mr MC Hamman is the individual registered auditor of PwC who will undertake the audit in respect of the financial year ending 28 June 2020) as recommended by the Company’s Audit and Risk Committee.

For ordinary resolution number 2 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.3 Ordinary resolution number 3: Re-election of Ms W Lucas-Bull
"Resolved that Ms W Lucas-Bull, who is required to retire as a Director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as Director with immediate effect.

Age: 67
First appointed: 2020
Educational qualifications: BSc
Directorships: Chairperson of Absa Group Limited and Absa Financial Services Limited

For ordinary resolution number 3 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.4 Ordinary resolution number 4: Re-Election of Dr ATM Mokgokong
"Resolved that Dr ATM Mokgokong, who is required to retire as a Director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as Director with immediate effect.

Age: 63
First appointed: 2012
Educational qualifications: MB ChB, DCom (hc) BSc
Directorships: Community Investment Holdings (Phy) Ltd, Robocon Property Fund Ltd., Jasco Electronics Ltd, Africentric Investment Corporation Ltd, Adcock Ingram, Sarti Coal and various other public/private companies.

For ordinary resolution number 4 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.5 Ordinary resolution number 5: Re-Election of Mr JF Basson
"Resolved that Mr JF Basson, who is required to retire as a Director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as Director with immediate effect.

Age: 69
First appointed: 2014
Educational qualifications: BCom CA(SA)
Other Directorships: Member of the boards of various unlisted companies

For ordinary resolution number 5 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.6 Ordinary resolution number 6: Re-Election of Mr JA Rock
"Resolved that Mr JA Rock, who is required to retire as a Director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as Director with immediate effect.

Age: 51
First appointed: 2012
Educational qualifications: BA Hons MA ACA AMP (Insaad) CA(SA)
Other Directorships: None

For ordinary resolution number 6 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.7 Ordinary resolution number 7: Appointment of Mr JF Basson as Chairperson and member of the Shoprite Holdings Audit and Risk Committee
"Subject to his re-election as Director, it is resolved that Mr JF Basson be elected as Chairperson and member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act.”

Age: 69
First appointed to Audit and Risk Committee: 2014
Educational qualifications: BCom CA(SA)
Other Directorships: Member of the boards of various unlisted companies

For ordinary resolution number 7 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.8 Ordinary resolution number 8: Appointment of Ms AM Le Roux as member of the Shoprite Holdings Audit and Risk Committee
"It is resolved that Ms AM Le Roux be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act.”

Age: 46
First appointed to Audit and Risk Committee: 2019
Educational qualifications: BCompt Hons CA(SA)
Other Directorships: Member of the boards of various companies

For ordinary resolution number 8 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.9 Ordinary resolution number 9: Appointment of Mr JA Rock as member of the Shoprite Holdings Audit and Risk Committee
"Subject to his re-election as Director, it is resolved that Mr JA Rock be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act.”

Age: 51
First appointed to Audit and Risk Committee: 2014
Educational qualifications: BA Hons MA ACA AMP (Insaad)
Other Directorships: None

For ordinary resolution number 9 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.10 Ordinary resolution number 10: General authority over unissued ordinary shares
"Resolved that 30 million (approximately 5% of the issued ordinary shares which includes treasury shares) of the Company be and are hereby placed under the control and authority of the Directors of the Company until the next Annual General Meeting and that the Directors of the Company be and are hereby authorised and empowered to do all such things as the Directors of the Company may from time to time and at their discretion deem fit, subject to the provisions and requirements of the Companies Act, the MOI of the Company, the JSE Listing Requirements and any other exchange on which the ordinary shares of the Company may be quoted or listed from time to time, when applicable.

For ordinary resolution number 10 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

7.11 Ordinary resolution number 11: General authority over issue ordinary shares for cash
"Resolved that the Directors of the Company be and are hereby authorised, by way of a general authority, to issue all or any of the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when in their discretion deem fit, subject to the provisions and requirements of the Companies Act, the MOI of the Company, the JSE Listing Requirements and any other exchange on which the shares of the Company may be quoted or listed from time to time, when applicable, subject to the following limitations, namely that:
- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue shall be made only to “public Shareholders” as defined in the JSE Listing Requirements and not related parties, unless the JSE otherwise agrees, but may be made to such “public Shareholders” and in such quantities that the Directors in their discretion may deem fit;
- the number of ordinary shares issued for cash shall not in the aggregate in any one (1) financial year, exceed 5% (five percent) of the Company’s issued ordinary shares, being 27 719 870 ordinary shares (excluding 36 941 101 treasury shares). The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of this notice of AGM, less any ordinary shares issued in terms of this authority by the Company during the current financial year;
- in the event of a subdivision or consolidation of issued ordinary shares, during the period of this authority, the authority will be adjusted accordingly to represent the same allocation ratio;
- this authority be valid until the Company’s next Annual General Meeting, provided that it does not extend beyond 15 (fifteen) months from the date that this authority is given;
- the voting rights of Shareholders present or represented by proxy at this meeting.

For ordinary resolution number 11 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

Shareholder information
7.14 Special resolution number 1: Remuneration payable to Non-executive Directors
Resolved by separate special resolutions in terms of section 45(3)(a)(ii) of the Companies Act, that the annual remuneration of the Non-executive Directors for 12 months from 1 November 2019 – 31 October 2020 be approved as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>R1,535,000</td>
<td>R1,209,000</td>
</tr>
<tr>
<td>Lead Independent Director</td>
<td>R1,365,000</td>
<td>R1,361,000</td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>R470,000</td>
<td>R455,000</td>
</tr>
</tbody>
</table>

7.15 Special resolution number 2: Financial assistance to subsidiaries, related and inter-related entities
Resolved as a special resolution in terms of section 45(3)(a)(ii) of the Companies Act – subject to compliance with the requirements of the Company’s MOI and the JSE Listing Requirements as presently constituted and amended from time to time as a general approval – that the Board be authorised during a period of two (2) years from the date of this special resolution to authorise the Company to provide direct or indirect financial assistance to any related or inter-related company or corporation “*any related or inter-related company or corporation “* has herein the same meaning as in section 45 of the Companies Act and which means includes all the subsidiaries of the Company to the Company, in any form, including one or more of the following forms:*

- the provision of credit to or the deferring of any repayment of credit;
- guarantee of any obligation of,
- suretyship in respect any obligation of,
- indemnity undertaking in respect of obligations of,
- the securing (in any form) of any debt or obligations of, or
- payments to or for the benefit of,
- such a company or corporation which the Board may deem fit on the terms and conditions and for amounts that the Board may determine.

For special resolution number 3 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

Reason for and effect of special resolution number 2
This special resolution will grant the Company’s Directors the authority to authorise financial assistance in any form to a related or inter-related company or corporation ("any related or inter-related company or corporation") has herein the same meaning as in section 45 of the Companies Act and which means includes all the subsidiaries of the Company to the Company as contemplated in section 45 of the Companies Act.

Notice to Shareholders of the Company in terms of section 45(3)(b)(ii) of the Companies Act, of a resolution adopted by the Board authorising the Company to provide direct or indirect financial assistance, the Company will satisfy the solvency and liquidity test as set out in section 4 of the Companies Act and section 46 of the Companies Act, and stating that the Board being satisfied that immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(b)(ii) of the Companies Act and that the terms under which the financial assistance will be given are fair and reasonable to the Company as required in section 45(b)(ii) of the Companies Act.

7.16 Special resolution number 3: General authority to repurchase shares
Resolved as a special resolution that the Company and/or any subsidiary of the Company and/or any related or inter-related company or corporation which the Board may deem fit on the terms and conditions and for amounts that the Board may determine, will be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

For special resolution number 3 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

- the repurchase of shares will be effected through the main order book operated by the JSE trading system without any prior understanding or arrangement between the Company and the counterparty, or other manner approved by the JSE; and
- the number of ordinary shares acquired in the aggregate in any one (1) financial year do not exceed 5% (five percent) of the number of the Company’s issued ordinary shares on the date of the resolution which is adopted, prior to entering the market to repurchase the Company’s securities, and for each 3% (three percent) in aggregate of the number of the Company’s issued ordinary shares, a Board resolution to authorise the repurchase will have been passed in accordance with the requirements of section 46 of the Companies Act, and stating that the Board has acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the Company will satisfy the solvency and liquidity test as set out in section 4 of the Companies Act and the counterparty, or other manner approved by the JSE.

The Company or any of its subsidiaries may repurchase its securities during a prohibited period as defined in paragraph 3.67 of the JSE Listing Requirements, unless there is a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed in advance and are communicated to the JSE prior to the commencement of the prohibited period.

For special resolution number 3 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting.

If the remuneration policy or the implementation report of the Company is voted against by 25% or more of the voting rights exercised on the resolution by Shareholders present or represented by proxy at this meeting, the Company will in its voting results announcement – pursuant to paragraph 3.91 of the JSE Listing Requirements – extend an invitation to dissenting Shareholders to engage with the Company to discuss their reasons for their dissenting votes, and the manner and timing of such engagement will be specified in the SENS announcement following the AGM.
Notice to Shoprite Holdings shareholders: Annual General Meeting ("AGM") (continued)

Material change
Other than the facts and developments as referred to in the Annual Financial Statements, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors’ Responsibility Statement
The Directors, whose names are given on pages 69 and 71 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made.

7.17 Special resolution number 4: Approval of amendment to sub-clauses of clause 33 of the Memorandum of Incorporation of the Company
It is resolved as a special resolution proposed by the Board in accordance with section 16(1)(c) of the Companies Act, that clauses 33.2, 33.6, 33.7.1 and 33.11 of the Memorandum of Incorporation be and is hereby amended to read as set out hereunder (additions have been highlighted in bold and deletions with strikethrough in clauses 33.2, 33.6 and 33.7.1 while the whole of clause 33.11 is replaced with the amended clause 33.11):

33.2 Subject to clauses 33.3, 33.4 and 39, all of the Directors and any Alternate Directors shall be elected by an ordinary resolution of the Shareholders at a Shareholders’ Meeting. The provisions of section 66(2)(c) of the Companies Act shall apply to the election of, or provision that a Director may not be elected by written vote in accordance with clause 31. There shall be no ex officio Directors, as contemplated in section 66(4)(a)(i) of the Companies Act, and no person, except the Board in term of clauses 33.3 or 33.4 or 39 hereunder, current or former, Directors or the Company Secretary of the Company, shall have the right to the effect the direct appointment or removal of one or more Directors as contemplated in section 66(4)(a)(i) of the Companies Act.

"33.6 A retiring Director who retires in terms of clause 33.5 ("retiring Director") is eligible for re-election and may be re-elected without having to be nominated for election in terms of clause 33.11 hereunder and, if re-elected, shall be deemed for all purposes other than clauses 33.5.1 to 33.5.3 not to have vacated his office.

33.7 No person other than a retiring Director shall be eligible for election as a Director at any Annual General Meeting unless:

33.7.1 the Directors nominate or recommend such person for election which recommendation shall be recorded in the notice convening the Annual General Meeting;

33.7.2 Such person has been nominated in accordance with clause 33.11.5.2.

33.11 Nomination of candidates for election
"33.11.1 Any Shareholder shall be entitled to nominate a person ("candidate") or persons ("candidates") for election as a Director or Directors.

33.11.2 A Shareholder may not nominate a candidate for election in any manner other than in accordance with the process recorded in this clause 33.11.

33.11.3 In this clause 33.11, the following terms will have the following meanings:
“Meeting date” means the date determined by the Board as the date on which an Annual General Meeting of the Company will be held;
“Notice” means the notice in terms wherein an Annual General Meeting is convened;

33.11.4 Subject to clause 33.11.7, no resolution in respect of the election of a candidate as a Director of the Company will be put to Shareholders at an Annual General Meeting of the Company for their consideration or be voted on by Shareholders unless that resolution is recorded in the notice convening that Annual General Meeting.

33.11.5 A proposed resolution for the election of a candidate as a Director of the Company will only be inserted in a notice in respect of an Annual General Meeting:
31.1.5.1 if the candidate is eligible for re-election in terms of clause 33.6 above;
31.1.5.2 if a written nomination ("Nomination") for election of that candidate as a Director signed by a Shareholder plus a document, signed by the candidate, in terms whereof the candidate consents to be appointed and to serve as a Director of the Company, have been received by the Company Secretary of the Company by no later than 45 business days prior to meeting date of the Annual General Meeting in respect of which the notice has been sent.

33.11.6 In the event that a Shareholder delivers a Nomination in respect of a candidate to the Company Secretary of the Company at a time less than 45 business days prior to the date of an Annual General Meeting, the resolution in respect of the election of that candidate as a Director of the Company will only be inserted as a resolution in the notice of the next Annual General Meeting after that meeting.

33.11.7 None of the provisions of clause 33.11 apply to a retiring Director who is eligible for re-election in terms of clause 33.6. The Board will take the course that such a retiring Director is willing to continue to serve as a Director, insert a resolution proposing that such a retiring Director be elected as a Director in the relevant notice.”

For special resolution number 4 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

The proposed amendments have been approved by the JSE.

Reason for and effect of special resolution number 4
The Board proposes the additional clause 33.11 to provide for a process of nomination of candidates for election as Directors that will enable the Company to include a resolution in respect of the election of candidates in a Notice convening the AGM in respect of each candidate in the notice convening the AGM at which the resolutions in respect of their election will be put to Shareholders. The present clause 33.11 provides that nomination may be made up to four days before an AGM, with the effect that Shareholders may not have sufficient information in respect of the proposed candidates to enable them to make an informed decision on the election of such candidates. The date reserved for an AGM is published at least one year in advance on the Company’s website with the effect that every Shareholder who wishes to propose a candidate for election as a Director will be able to determine before which date his nomination must be received by the Company to be inserted as a resolution in the notice convening the relevant AGM. The effect of adoption of the amendment of clause 33.11 will be that Shareholders should at an earlier date receive notice of candidates that are nominated for election as well as with relevant information in respect of them to enable Shareholders to make informed decisions. Furthermore, should a nomination be delivered late (later than 45 days prior to the date of the AGM), a resolution in respect of the election of that candidate will be included in the notice in respect of the relevant AGM.

The remainder of the amendments are made to clarify certain aspects:
33.2 – is a rectification in that clauses 33.2 refer to the election of Directors by Shareholders and not the appointment of Directors by Shareholders, while there is no clause 33.2.16 in the MOI;
33.6 – wording amended to clarify what is meant by a retiring Director and to replace the reference “33.7 with “33.7.1”;
33.7.1 – the amendment to align with clause 33.11 in that a nomination of a candidate by the Board must also be made 45 days prior to the date of the AGM.

The amendments to the MOI have been approved by the JSE.
Notice to Shoprite Holdings shareholders:
Annual General Meeting (“AGM”) (continued)

8. Documents available for inspection
The Memorandum of Incorporation will be available for inspection during normal business hours at the registered address of Shoprite Holdings from the date of this notice of AGM up to and including 16 November 2020.

9. Transaction of other business
For Shoprite Holdings Limited

PG du Preez
Company Secretary
19 October 2020

The Company Secretary
Cnr William Dabbs Street and Old Paarl Road
PO Box 215, Brackenfell, 7560 South Africa
E-mail: cosec@shoprite.co.za

South African Transfer Secretaries
Computershare Investor Services (Pty) Ltd
15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132 South Africa
Fazarmail: +27 (0)11 688 5238
E-mail: proxy@computershare.co.za

Meeting ID: 172-839-995
To login, have your username and password ready, which you can request from proxy@computershare.co.za

Online Annual General Meeting guide

Attending the AGM electronically

This year, we will be conducting a virtual AGM, giving you the opportunity to attend the AGM and participate online, using your smartphone, tablet or computer.

If you choose to participate online, you will be able to view a live webcast of the meeting, ask the Board questions and submit your votes in real time. To do this, you must:

a) Download the Lumi AGM app from the Apple App or Google Play Stores by searching for Lumi AGM.
b) Visit https://web.lumiagm.com on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

Using the AGM online facility

Access

Once you have downloaded the Lumi AGM app or entered web.lumiagm.com into your web browser, you’ll be prompted to enter the Meeting ID.

You will then be required to enter your:

a) Username; and
b) Password.

You will be able to log into the site from 9.15 am, 16 November 2020.

To register as a shareholder, select ‘I have a login’ and enter your username and password.

If you are a visitor, select ‘I am a guest’. As a guest, you will be prompted to complete all the relevant fields including title, first name, last name and email address.

Please note, visitors will not be able to ask questions or vote at the meeting.

Navigation

When successfully authenticated, the info screen will be displayed. You can view company information, ask questions and watch the webcast.

If you would like to watch the webcast, click on the broadcast icon at the bottom of the screen.

If viewing on a computer, the webcast will appear to the side automatically once the meeting has started.
Online Annual General Meeting guide (continued)

Voting

The Chairman will open voting on all resolutions at the start of the meeting. Once the voting has opened, the polling icon will appear on the navigation bar at the bottom of the screen. From here, the resolution and voting choices will be displayed.

To vote, select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.

For = Vote received
To change your vote, simply select another direction. If you wish to cancel your vote, please press Cancel.

Once the Chairman has opened voting, voting can be performed at anytime during the meeting until the Chairman closes the voting on the resolutions. At that point, your last choice will be submitted.

You will still be able to send messages and view the webcast while the poll is open.

Questions

Any Shareholder or appointed proxy attending the meeting is eligible to ask questions.

If you would like to ask a question, select the messaging icon.

Messages can be submitted at any time during the Q&A session up until the Chairman closes the session.

Type your message within the chat box at the bottom of the messaging screen.

Once you are happy with your message, click the Send button.

Questions sent via the Lumi AGM online platform will be moderated before being sent to the Chairman. This is to avoid repetition and remove any inappropriate language.

Downloads

Links are present on the info screen. When you click on a link, the document will open in your browser.

Data usage for streaming the annual Shareholders’ meeting or downloading documents via the Annual General Meeting platform varies depending on individual use, the specific device being used for streaming or downloading (Android, iPhone, etc) and the network connection (3G, 4G).

Shareholders’ diary

Please consult our website www.shopriteholdings.co.za for the latest published diary dates.